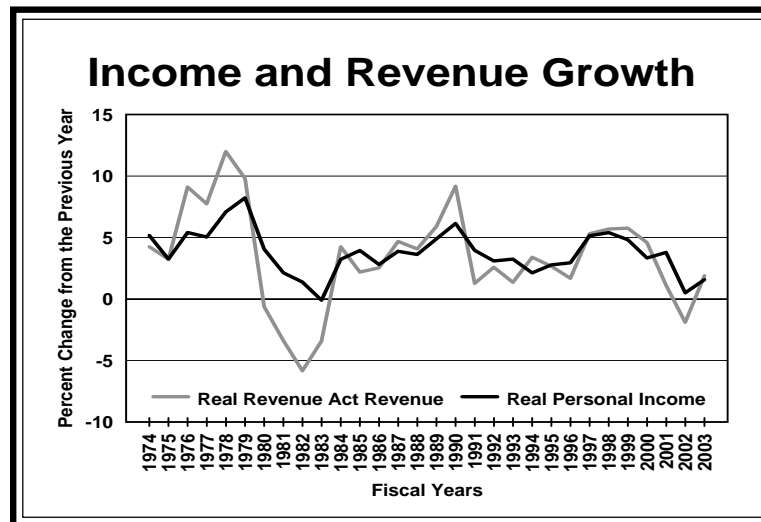


Washington Economic and Revenue Forecast



November 2001
Volume XXIV, No. 4

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Explanation of the Cover Graph

The cover graph illustrates the relationship between Washington personal income and Washington Revenue Act revenue (sales, use, B&O, and public utility taxes) which constitutes the bulk of the state's General Fund revenue. Both income and revenue have been adjusted for inflation. Revenue Act revenue has also been adjusted for tax base and rate changes and personal income has been adjusted to remove the impact of software stock option income. Revenue growth tends to outpace income growth during expansions while the opposite is true during recessions. From 1975 to 1979, revenue growth exceeded income growth by an average of 3.0 percent per year. From 1979 to 1983, though, revenue growth lagged income growth by an average of 5.1 percent per year. The current cycle is expected to be far less extreme. Revenue Act revenue growth exceeded income growth by an average of only 0.6 percent per year from 1996 to 2000. In 2001 revenue growth was 2.6 percent less than income growth, about the same as the 2.4 percent differential expected for this year. In 2003, a year with a modest recovery, revenue growth is expected to exceed income growth by 0.3 percent.

This publication is available on the Internet at <http://www.wa.gov/ofc/>

Washington Economic and Revenue Forecast

Prepared by the
Office of the Forecast Council

November 2001
Volume XXIV, No. 4

Preface

The Office of the Forecast Council is required by Chapter 231, Section 34, Laws of 1992 (RCW 82.33.020) to prepare a quarterly state economic and revenue forecast and submit it to the Forecast Council. This report presents the state's economic and General Fund-State revenue forecast. It is issued four times a year.

Copies are available to Washington State businesses and residents for \$4.50 per copy, and to those out-of-state for \$9.00 per copy. You may contact our office for more subscription information at (360) 570-6100 or by writing the Office of the Forecast Council, Post Office Box 40912, Olympia, WA 98504-0912.

You may also access this report on our website at www.wa.gov/ofc/.

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Executive Summary

U.S. Economic Forecast

The November 2001 economic and revenue forecast is the first to incorporate the impact of the events of September 11. While the economy may have been headed towards a recession anyway, the terrorist attacks virtually guaranteed it. The forecast incorporated the preliminary GDP estimate for the third quarter of 2001. According to the preliminary estimate, real GDP fell 0.4 percent in the third quarter. An acceleration in the pace of inventory liquidation accounted for the entire decline; final sales of domestic product were exactly flat. Once again, the weakness in the third quarter was mainly due to an 8.4 percent drop in fixed investment, mostly equipment and software, which shaved 1.5 percentage points off GDP growth. Though consumer spending growth has slowed substantially during the course of the year, it remained positive at 1.2 percent.

Payroll employment fell at a 0.4 percent annual rate in the third quarter following a 0.2 percent drop in the second quarter while the unemployment rate increased from 4.47 percent in the second quarter to 4.77 percent in the third quarter. These data do not include the loss of more than 400,000 payroll jobs in October or the 0.5 percentage point increase in the unemployment rate to 5.4 percent. Inflation, as measured by the consumer price index, slowed from 3.1 percent in the second quarter to 0.7 percent in the third quarter, though the improvement was mainly due to declining energy prices. CPI inflation excluding food and energy was 2.5 percent in the third quarter compared to 2.6 percent in the second quarter. Housing starts fell at a 7.0 percent rate to 1.594 million units in the third quarter while the mortgage rate declined to 6.97 percent in the third quarter from 7.13 percent in the second quarter. Since September 11, the Fed has cut its target interest rate 150 basis points in less than two months. The fed funds rate now stands at 2.00 percent, the lowest since 1961.

The November U.S. forecast shows less real GDP growth in 2001 and 2002 than did the forecast adopted in September. A robust expansion should be under way by 2003, however. The forecast expects GDP growth to decline from 4.1 percent in 2000 to 1.1 percent in 2001 and just 0.4 percent in 2002 before bouncing back to 4.4 percent in 2003. The nation's unemployment rate, which was down to 3.97 percent in the fourth quarter of 2000, is expected to rise to 6.35 percent by the third quarter of 2002. The slumping economy should keep inflation moderate for the next few years. Inflation, as measured by the implicit price deflator for personal consumption expenditures, is expected to decline from 2.7 percent in 2000 to 2.0 percent in 2001 and 1.5 percent in 2002.

before edging up to 2.2 percent in 2003. The forecast assumes that the Fed is done easing for this cycle having cut the fed funds rate 10 times in 10 months for a total reduction of 450 basis points.

Washington State Economic Forecast

Washington payroll employment fell at a 0.4 percent rate in the third quarter of 2001 following a 3.1 percent drop in the second quarter. Excluding the impact of a seasonal anomaly in local education employment, the third quarter decline would have been 1.1 percent. The last time the state experienced two consecutive quarterly declines in payroll employment was during the 1981-82 recession. Manufacturing employment fell at a 2.9 percent annual rate in the third quarter following a 7.8 percent decline in the second quarter. Aerospace employment rose at a 5.1 percent annual rate in the third quarter following a 4.3 percent increase in the second quarter. The rest of the manufacturing sector continued to worsen, however. Non-aerospace manufacturing employment fell at a 5.6 percent rate in the third quarter following an 11.6 percent decline in the second quarter. Nonmanufacturing employment was flat in the third quarter of 2001 following a 2.4 percent decline in the second quarter. State and local government employment was up a strong 7.9 percent following a 2.4 percent gain in the second quarter. The third quarter strength in state and local government was mainly due to a seasonal problem with local education employment which we believe will be reversed in the fourth quarter. Aside from state and local government, nonmanufacturing employment declined 1.6 percent in the third quarter. Nearly every major sector was weak. Trade fell 3.6 percent while construction and transportation, communications, and utilities declined 3.0 percent each. Services employment was essentially unchanged in the third quarter, up only 0.1 percent, but federal government employment rose 4.6 percent.

Washington's personal income in the second quarter of 2001 was \$3.124 billion (1.6 percent) lower than expected in the September forecast. Wage and salary disbursements were \$1.879 billion (1.6 percent) lower than expected. Software wages were very close to the forecast, only \$0.257 billion (2.5 percent) higher than expected. Other wages, however, were \$2.135 billion (2.0 percent) lower than expected in September. Nonwage personal income in the second quarter of 2001 was \$1.246 billion (1.6 percent) lower than expected in September due to the incorporation of the results September's annual benchmark revision.

The number of housing units authorized by building permit fell 1,400 to 39,600 in the third quarter of 2001 from 41,000 in the second quarter. The decline was entirely in the multi-family market where number of units fell 1,400 from 13,100 in the second quarter to 11,800 in the third quarter. Single family authorizations held steady at 27,800 units.

In September we assumed Washington aerospace employment would be flat in 2002 and 2003. This forecast assumes a decline of 23,500 Boeing workers including contract employees and additional 2,300 other aerospace workers in Washington. About 75 percent of the reductions are expected by the middle of 2002. Apart from the impact of September 11 on the aircraft manufacturing industry, the downward revision to Washington's employment and income growth would have been similar to the revision in the national forecast. Because of the severe impact on the aerospace industry, the downward revision to employment growth over the next year in Washington is more than twice the downward revision to U.S. employment growth. The forecast also assumes lower software wages than expected in September due to a reduction in stock option activity. Unlike previous forecasts, however, this forecast assumes that software wages hold steady rather than decline over the forecast horizon.

Wage and salary employment growth improved to 2.3 percent in 2000 from 2.1 percent in 1999. Employment growth has clearly weakened already this year. The forecast now expects zero employment growth in 2001. The combination of a national recession and severe cutbacks in aircraft manufacturing is expected to result in a 0.8 percent decline in 2002 followed by an anemic 0.9 percent recovery in 2003. Washington personal income grew 5.7 percent in 2000, down only moderately from 6.8 percent in 1999 in spite of a huge decline in software income. Excluding software, income growth would have accelerated from 4.8 percent in 1999 to 7.1 percent in 2000. Slower growth is expected in 2001 and 2002 due to the slumping economy and a further decline in Microsoft stock option income. The forecast expects personal income to grow 3.0 percent in 2001 and just 1.8 percent in 2002, recovering to 5.4 percent in 2003. Housing activity is also expected to decline over the next two years. In the near term, declining consumer confidence, rising unemployment, and weak income and population growth will outweigh the favorable impact of lower mortgage rates. Though a modest recovery is expected in 2003, mortgage rates will be rising. The forecast expects housing permits to increase slightly from 39,000 in 2000 to 39,600 in 2001 but to decline sharply to 36,900 in 2002 and 35,500 in 2003.

Washington State Revenue Forecast

The November revenue forecast is the first to incorporate the impact of the tragic events of September 11. A national recession now a virtual certainty. Even worse, the nature of the attacks with its devastating impact on the air transportation industry means that the impact on Washington State will be disproportionately large. Newly available employment and income data suggest that the economy was weaker than previously believed before the attacks and revenue collections since the last forecast confirm the worsening trend. As a result, we have made a major reduction in our revenue forecast for the 2001-03 biennium. The General Fund-State revenue forecast for the 2001-03 biennium is \$21,208.7 million, a reduction of \$813.1 million from the September estimate. Of the \$813.1 million reduction, \$67.1 million is due to collection experience since the September forecast, \$34.0 million is due to the passage of initiatives 747 and 773, and \$69.4 million is due to lower interest earnings from the Treasurer due to lower balances available for investment. The remaining \$642.6 million reduction is due to the weaker economic outlook for the remainder of the biennium.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2001-03 biennium. The forecast based on more optimistic economic assumptions netted \$629 million (3.0 percent) more revenue than did the baseline forecast while the pessimistic scenario was \$695 million (3.3 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$35 million (0.2 percent) less revenue than did the baseline forecast.

Washington State and U.S. Economic Forecasts

Recent U.S. Economic Activity

The November 2001 economic and revenue forecast is the first to incorporate the impact of the events of September 11. While the economy may have been headed towards a recession anyway, the terrorist attacks virtually guaranteed it. The forecast incorporated the preliminary GDP estimate for the third quarter of 2001. According to the preliminary estimate, real GDP fell 0.4 percent in the third quarter. An acceleration in the pace of inventory liquidation accounted for the entire decline; final sales of domestic product were exactly flat. Once again, the weakness in the third quarter was mainly due to an 8.4 percent drop in fixed investment, mostly equipment and software, which shaved 1.5 percentage points off GDP growth. Business spending on equipment and software fell 11.8 percent and nonresidential construction declined 12.1 percent. Residential fixed investment rose 1.9 percent, however. Though consumer spending growth has slowed substantially during the course of the year, it remained positive at 1.2 percent. Consumer purchases of durable goods rose 1.7 percent while purchases of services and nondurable goods rose 1.4 percent and 0.6 percent. The foreign sector was a slight positive in the third quarter as a 15.2 percent drop in imports more than offset a 16.6 percent decline in exports. Government spending also boosted growth in the third quarter, rising at a 1.8 percent rate. National defense spending increased 5.0 percent and federal civilian spending increased 3.9 percent while state and local government purchases inched up 0.4 percent.

Payroll employment fell at a 0.4 percent annual rate in the third quarter following a 0.2 percent drop in the second quarter while the unemployment rate increased from 4.47 percent in the second quarter to 4.77 percent in the third quarter. These data do not include the loss of more than 400,000 payroll jobs in October or the 0.5 percentage point increase in the unemployment rate to 5.4 percent. Inflation, as measured by the consumer price index, slowed from 3.1 percent in the second quarter to 0.7 percent in the third quarter, though the improvement was mainly due to declining energy prices. CPI inflation excluding food and energy was 2.5 percent in the third quarter compared to 2.6 percent in the second quarter. Housing starts fell at a 7.0 percent rate to 1.594 million units in the third quarter while the mortgage rate declined to 6.97 percent in the third quarter from 7.13 percent in the second quarter. Since September 11, the Fed has cut its target interest rate 150 basis points in less than two months. The fed funds rate now stands at 2.00 percent, the lowest since 1961.

U.S. Forecast Highlights

The November U.S. forecast shows less real GDP growth in 2001 and 2002 than did the forecast adopted in September. A robust expansion should be under way by 2003, however. The forecast expects GDP growth to decline from 4.1 percent in 2000 to 1.1 percent in 2001 and just 0.4 percent in 2002 before bouncing back to 4.4 percent in 2003. The nation's unemployment rate, which was down to 3.97 percent in the fourth quarter of 2000, is expected to rise to 6.35 percent by the third quarter of 2002. The slumping economy should keep inflation moderate for the next few years. Inflation, as measured by the implicit price deflator for personal consumption expenditures, is expected to decline from 2.7 percent in 2000 to 2.0 percent in 2001 and 1.5 percent in 2002 before edging up to 2.2 percent in 2003. The forecast assumes that the Fed is done easing for this cycle having cut the fed funds rate 10 times in 10 months for a total reduction of 450 basis points.

1. The Fed has clearly failed in its attempt to engineer a soft landing in 2001. The economy may have been headed for a recession before the events September 11, but afterwards it surely was. Real GDP grew only 2.7 percent in fiscal 2001 after four consecutive years in excess of 4 percent. The forecast expects a relatively brief and mild recession, however, due largely to fiscal and monetary stimulus in the pipeline before the onset of the recession. Real GDP is expected to decline 0.2 percent in fiscal 2002 followed by a 2.9 percent rebound in 2003.
2. Inflation, as measured by the implicit price deflator for personal consumption expenditures, increased to 2.5 percent in fiscal 2001 from 2.3 percent in 2000 and a 36-year-low 1.2 percent in 1999. The recent increase was largely the result of a surge in energy prices but core inflation has also been rising. The recession and a drop in energy costs should nip any resurgence in inflation in the bud, though. The inflation rate is expected to dip to 1.4 percent in 2002, edging up to 1.9 percent in 2003.
3. Prompted by increasing signs of a rapidly slowing economy and the decline in the stock market, the Federal Reserve began easing interest rates well in advance of the recession cutting the federal funds rate a total of 300 basis points from January to August of 2001. Since September 11 the Fed has lowered its target rate another 150 basis points to just 2.00 percent. The Fed is expected to reverse course again in the second quarter of 2002 when the economy turns around. The three-month Treasury bill rate slipped to 5.13 percent in fiscal 2001 from 5.23 percent in 2000. The T-bill rate is expected to decline to 2.23 percent in fiscal 2002 reflecting the aggressive Fed easing of the last ten months. The forecast expects an increase in the T-bill rate to 3.26 percent in 2003 as the economy improves and the Fed becomes less accommodating. Mortgage rates also declined in fiscal 2001 to 7.45 percent from 8.05 percent in 2000 as a result of the easier monetary policy as well as the slumping economy. The forecast expects the mortgage rate to decline further to 6.49 percent in 2002 before increasing to 7.12 percent in 2003.
4. In spite of lower mortgage interest rates, housing starts fell 4.0 percent in fiscal 2001 to 1.574 million units. The forecast assumes that housing will hold up pretty well in 2002 in spite of the recession as even lower mortgage rates largely offset the depressing impacts of rising unemployment and declining consumer confidence. The forecast expects housing starts to decline 1.2 percent in 2002 to 1.555 million units. Housing starts are expected to dip another 1.8 percent to 1.526 million units in 2003 as the beneficial impact of an improving economy is offset by another upturn in interest rates.

5. The nation's unemployment rate rose slightly in fiscal 2001 to 4.17 percent from a 30-year low 4.10 percent in 2000. On a quarterly basis the unemployment rate has already risen from 3.97 percent at the end of last year to 4.77 percent in the third quarter of this year. By the third quarter of next year it is expected to reach a peak of 6.35 percent. Because the starting rate was relatively low and the recession is expected to be mild, this peak is among the lowest in postwar history, however. On a fiscal year basis, the forecast expects an unemployment rate of 5.67 percent in 2002 and 6.10 percent in 2003.
6. The federal budget surplus (national income and product accounts basis) continued to grow in fiscal 2001, rising to \$211.1 billion from \$174.3 billion in 2000. This was probably last surplus in the foreseeable future. The recently enacted tax cuts and the recession cut sharply into the surplus. On top of this, the forecast assumes additional fiscal stimulus and increased military spending. The budget is expected to move back into deficit to the tune of \$19.7 billion in fiscal 2002 and \$42.9 billion in 2003.
7. The foreign sector continues to be a drag on GDP growth. The trade deficit (national income and product accounts basis) increased in fiscal 2001 to \$370.6 billion from \$311.8 billion in 2000. Weak growth abroad and the strong dollar will cause exports to decline in 2002 but the U.S. recession will result in an even larger drop in imports. As a result, the trade deficit is expected to diminish slightly in 2002 to \$334.6 billion. The opposite is expected in 2003 when the recovery of imports is expected to exceed the recovery of exports leading to a widening of the trade gap to \$373.0 billion.

Table 1.1 provides a fiscal year summary of the U.S. economic indicators.

Recent Economic Activity in Washington

The Employment Security Department has released preliminary employment estimates through October 2001. This forecast is based on adjusted employment estimates as described in **Adjustments to Economic Data**. Washington payroll employment fell at a 0.4 percent rate in the third quarter of 2001 following a 3.1 percent drop in the second quarter. Excluding the impact of a seasonal anomaly in local education employment, the third quarter decline would have been 1.1 percent. The last time the state experienced two consecutive quarterly declines in payroll employment was during the 1981-82 recession. Manufacturing employment fell at a 2.9 percent annual rate in the third quarter following a 7.8 percent decline in the second quarter. Aerospace employment rose at a 5.1 percent annual rate in the third quarter following a 4.3 percent increase in the second quarter. The rest of the manufacturing sector continued to worsen, however. Non-aerospace manufacturing employment fell at a 5.6 percent rate in the third quarter following an 11.6 percent decline in the second quarter. Nonmanufacturing employment was flat in the third quarter of 2001 following a 2.4 percent decline in the second quarter. State and local government employment was up a strong 7.9 percent following a 2.4 percent gain in the second quarter. The third quarter strength in state and local government was mainly due to a seasonal problem with local education employment which we believe will be reversed in the fourth quarter. Aside from state and local government, nonmanufacturing employment declined 1.6 percent in the third quarter. Nearly every major sector was weak. Trade fell 3.6 percent while construction and transportation, communications, and utilities declined 3.0 percent each. Services employment was essentially unchanged in the third quarter, up only 0.1 percent, but federal government employment rose 4.6 percent.

In October 2001 the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) revised its quarterly state personal income estimates through the first quarter of 2001 and released preliminary estimates for the second quarter. In addition, the wage estimates for the first two quarters of 2001 have been adjusted to reflect the Covered Employment and Payrolls data produced by the Department of Employment Security (see **Adjustments to Economic Data**). According to the adjusted estimates, Washington's personal income in the second quarter of 2001 was \$3.124 billion (1.6 percent) lower than expected in the September forecast. Wage and salary disbursements were \$1.879 billion (1.6 percent) lower than expected. Software wages were very close to the forecast, only \$0.257 billion (2.5 percent) higher than expected. Other wages, however, were \$2.135 billion (2.0 percent) lower than expected in September. Nonwage personal income in the second quarter of 2001 was \$1.246 billion (1.6 percent) lower than expected in September due to the incorporation of the results September's annual benchmark revision.

The number of housing units authorized by building permit fell 1,400 to 39,600 in the third quarter of 2001 from 41,000 in the second quarter. The decline was entirely in the multi-family market where number of units fell 1,400 from 13,100 in the second quarter to 11,800 in the third quarter. Single family authorizations held steady at 27,800 units.

Adjustments to Economic Data

This forecast utilizes an alternative employment estimate developed by the Department of Employment Security and the Office of the Forecast Council. The alternative employment estimate incorporates the covered employment and payrolls data through the second quarter of 2001 which subtracts 37,100 (1.4 percent) from the Current Employment Statistics (CES) estimate for June 2001. In addition, the growth pattern from June 2001 through October 2001 has been adjusted to reflect the average historical revision between the preliminary (sample based) estimates and the final (covered employment and payrolls based) estimates adding back 2,100 (0.1 percent). The net effect of the adjustments was to reduce the October 2001 employment estimate by 35,000 (1.3 percent).

The BEA will eventually benchmark its 2001 estimates for wage and salary disbursements to the covered employment and payrolls (ES202) data for all sectors except agriculture and federal government. In addition, we have one more quarter of ES202 data than was available to the BEA at the time of its most recent release. For these reasons, we derived wage estimates for these sectors for the first two quarters of 2001 based on the ES202 data. Unadjusted BEA estimates were used for farm, federal civilian, and military wages as well as for all nonwage components of personal income. Our adjustments increased the second quarter wage estimate by \$4.765 billion (4.4 percent) adding 2.5 percent to total personal income in that quarter.

Washington State Forecast Highlights

In September we assumed Washington aerospace employment would be flat in 2002 and 2003. This forecast assumes a decline of 23,500 Boeing workers including contract employees and additional 2,300 other aerospace workers in Washington. About 75 percent of the reductions are expected by the middle of 2002. Apart from the impact of September 11 on the aircraft manufacturing industry, the downward revision to Washington's employment and income growth would have been similar to the revision in the national forecast. Because of the severe impact on the aerospace industry, the downward revision to employment growth over the next year in Washington is more

than twice the downward revision to U.S. employment growth. The forecast also assumes lower software wages than expected in September due to a reduction in stock option activity. Unlike previous forecasts, however, this forecast assumes that software wages hold steady rather than decline over the forecast horizon.

Wage and salary employment growth improved to 2.3 percent in 2000 from 2.1 percent in 1999. Employment growth has clearly weakened already this year. The forecast now expects zero employment growth in 2001. The combination of a national recession and severe cutbacks in aircraft manufacturing is expected to result in a 0.8 percent decline in 2002 followed by an anemic 0.9 percent recovery in 2003. Washington personal income grew 5.7 percent in 2000, down only moderately from 6.8 percent in 1999 in spite of a huge decline in software income. Excluding software, income growth would have accelerated from 4.8 percent in 1999 to 7.1 percent in 2000. Slower growth is expected in 2001 and 2002 due to the slumping economy and a further decline in Microsoft stock option income. The forecast expects personal income to grow 3.0 percent in 2001 and just 1.8 percent in 2002, recovering to 5.4 percent in 2003. Housing activity is also expected to decline over the next two years. In the near term, declining consumer confidence, rising unemployment, and weak income and population growth will outweigh the favorable impact of lower mortgage rates. Though a modest recovery is expected in 2003, mortgage rates will be rising. The forecast expects housing permits to increase slightly from 39,000 in 2000 to 39,600 in 2001 but to decline sharply to 36,900 in 2002 and 35,500 in 2003.

1. Nominal personal income growth slowed sharply in fiscal 2001 to 3.7 percent from 7.5 percent the previous year. While employment growth slowed slightly in fiscal 2001, the main reason for the slowdown in personal income growth was the software sector where the value of exercised stock options plummeted. Excluding the impact of software stock options on personal income, there would have been an increase in personal income growth in 2001 to 6.4 percent from 5.7 percent in 2000. The forecast assumes that changes in software stock option income will not be a major factor in personal income growth during the next two years. The forecast assumes that declining employment and weak wage growth in 2002 cause Washington personal income growth to fall to just 1.8 percent in fiscal 2002 before recovering to 3.7 percent in 2003.
2. Washington real personal income growth plummeted to just 1.2 percent in fiscal 2001 from 5.1 percent in 2000 and more than 6 percent for each of the prior three years. The decline in 2001 was mainly due to the drop in nominal income growth, but inflation was also slightly higher. Real personal growth is expected to suffer further during the recession in 2002 but the forecast does not expect further declines in software stock option income and inflation is expected to remain tame. The forecast expects real personal income growth to fall to just 0.3 percent in 2002, recovering modestly to 1.7 percent in 2003.
3. The massive aerospace employment reductions abated in fiscal 2001 just as a host of other manufacturing industries went into decline. At the same time, a four-year construction boom came to an abrupt halt. Due largely to these factors, overall employment growth continued to slow in fiscal 2001 to 1.4 percent from 2.3 percent the previous year. The events of September 11 will be particularly hard on Washington employment growth in the next two years. The national recession will be felt here, of course, but the nature of the attacks with its devastating impact on air transportation will result in a much more severe blow to the Washington economy than to the U.S. economy. The forecast expects an employment decline of 0.9 percent in fiscal 2002 followed by a scant 0.1 percent upturn in fiscal 2003.

- ◆ Lumber and wood products employment fell 400 in the third quarter of 2001 to 30,300. The decline over the last four quarters has been 2,300. The monthly data through October suggest a loss of another 300 jobs in the fourth quarter. The national industry saw a strong recovery from 1992 through 1999 but lumber and wood products employment in Washington continued to lose ground as a result of timber supply constraints and the economic problems in Asia. More recently, the job loss has been compounded by the national manufacturing recession. The forecast assumes that the adjustment to reduced federal timber supplies is essentially complete but the cyclical downturn will cost another 1,000 jobs by the third quarter of 2002. A rebound of 1,400 jobs is expected during the final five quarters of the forecast as the U.S. economy recovers.
- ◆ Prior to September 11 it appeared that the aerospace downturn, which resulted in the loss of 27,400 between the second quarter of 1998 and the end of 2000, was over. Aerospace employment rose 1,100 in the third quarter of 2001 to 88,600 and the increase during the last three quarters totaled 2,300. In the wake of the attacks, Boeing announced that it intended to cut 20,000 to 30,000 jobs company-wide. The vast majority of the reductions will be in Washington State, the home of the commercial airplane unit, and most will occur by mid-2002. The forecast assumes a decline of 23,600 aerospace workers and another 2,500 Boeing contract employees by the end of 2003. About 75 percent of the reductions are expected by the middle of 2002.
- ◆ Washington's four-year construction boom has clearly ended. Construction employment grew at a 6.9 percent annual rate between the fourth quarter of 1995 and the first quarter of 2000. During the next four quarters growth slowed to 1.4 percent. Growth turned negative after the first quarter of 2001, falling 10.2 percent in the second quarter and another 3.0 percent in the third quarter. The state recession and a drop in housing activity are expected to produce another 4.0 percent decline in construction employment during the next four quarters. Though a modest upturn in the economy is expected beginning in the second half of 2002, weak housing activity and slow population growth will prevent a rebound in construction employment. The forecast calls for an average annual rate of decline of 0.4 percent during the remainder of the forecast.
- ◆ Employment in the finance, insurance, and real estate sector fell at a 2.0 percent annual rate in the third quarter of 2001 after inching up only 0.4 percent in the second quarter. The recent weakness is largely in finance. The rush to refinance has probably tapered off since early this year. The monthly data suggest an improvement to 2.0 growth in the fourth quarter possibly as a result of the drop in the mortgage rate. The forecast assumes that the first half of 2002 will be weak with an average growth rate of -0.3 percent. After the middle of next year job growth is expected to pick up to an average rate of 1.9 percent per year through the end of 2003.
- ◆ Retail trade employment fell at a 3.5 percent annual rate in the third quarter of 2001 following a 1.8 percent decline in the second quarter. Over the year employment is down 0.4 percent. The drop in consumer confidence, slow population growth, and weak economy have been particularly hard on trade employment. In addition, much of the troubled dot-com industry is classified as retailing. Virtually no growth is expected for the remainder of this year and next year but the forecast expects a moderate recovery 2003. The forecast expects an average growth rate of only 0.1 percent through the end of next year, recovering to 0.8 percent during 2003.

- ◆ Services employment inched up only 0.1 percent in the third quarter of 2001 following a surprising 4.0 percent plunge in the second quarter. The third quarter employment was actually below the year-ago level, a phenomenon not seen in this usually robust sector since 1982. The weakness in services employment was mainly due to business services where employment has fallen 6.6 percent over the year despite a 7.8 percent increase in prepackaged software employment. Temporary help services are among the first to suffer in a weak economy and many of the dot coms are also in business services. The forecast assumes that the shakeout in these areas is complete and that software employment growth will pick up. Services employment is expected to grow 0.9 percent in the fourth quarter of 2001 and an average of 3.2 percent per year during 2002 and 2003.
 - ◆ State and local government employment soared 7.9 percent in the third quarter. We believe that this is due to a smaller than usual summer reduction in local education employment which will be reversed in the fourth quarter. As a result, the forecast calls for a 5.3 percent decrease in the fourth quarter. While state and local government employment is less cyclical than the economy as a whole, the slowdown in the economy in general and a substantial decline in the growth rate of the school age population in particular are expected to restrain growth during the remainder of the forecast. The forecast expects state and local government employment to grow at an average growth rate of 0.7 percent during the first half of 2002. Though the economy as a whole is expected to start showing some improvement in the second half of 2002, the delayed impact of government budget cuts will result in a decline averaging 0.9 percent per year during the final six quarters of the forecast.
4. Declining mortgage rates helped boost the number of housing units authorized by building permit by 4.5 percent in fiscal 2001 to 41,100 from 39,300 in 2000. In spite of still lower mortgage rates in 2002, housing activity is expected to decline further due lower consumer confidence, rising unemployment, weak income growth and slow population growth. Still lower population growth and an increase in the mortgage rate are expected to more than offset the beneficial impact of a slightly stronger economy in 2003. The forecast expects a 9.8 percent decline in housing permits to 37,000 units in fiscal 2002 and another 3.1 percent decline to 35,900 units in the final year of the forecast.
 5. Inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, increased in fiscal 2001 to 4.0 percent from 3.2 percent in 2000. The comparable U.S. inflation rate increased from 2.9 percent to 3.4 percent during the same period. Rising energy costs were partly to blame for the worsening inflation in Seattle as well as elsewhere in the nation. Excluding energy, Seattle's CPI inflation would still have increased to 3.2 percent in 2001 from 2.6 percent in 2000 while the U.S. index increased from 2.1 percent to 2.6 percent. Based on experience through the first quarter of fiscal 2002, it appears that Seattle inflation will exceed U.S. inflation this year as well. The forecast calls for an increase of 2.6 percent in the Seattle CPI compared to 2.2 percent for the U.S. index. Seattle inflation is expected to drop below U.S. inflation in 2003, though, due to the slump in the local economy. The forecast expects a CPI inflation rate of 1.6 percent in Seattle compared to 2.1 percent for the U.S. city average.

Table 1.2 provides a fiscal year summary of the state economic indicators.

Alternative Forecasts

As required by statute, the Forecast Council has also adopted two alternatives to the baseline forecast. One of these was based on more optimistic economic assumptions than the baseline and one was based on more pessimistic assumptions. These alternatives are summarized in Table 1.3.

The baseline forecast assumes that there will be a mild recession, but that stimulative monetary and fiscal policies succeed in turning the economy around early next year. The baseline also assumes that both businesses and consumers return to normal habits over this autumn and winter, that higher federal spending kicks in quickly, and that Congress comes through with additional assistance for the unemployed. Any or all of these assumptions could prove too rosy. At the state level, aerospace production and employment cuts are even more severe than assumed in the baseline forecast. Washington's wage growth and inflation are relatively slow and Washington personal income is lower. Population growth is also slower in this scenario and the 2001-02 correction in construction employment is much more severe than in the baseline forecast. By the end of the 2001-03 biennium, Washington nonagricultural employment is lower by 53,000 jobs than in the baseline forecast and Washington personal income is \$9.1 billion lower. The pessimistic scenario produced \$695 million (3.3 percent) less General Fund-State revenue in the 2001-03 biennium than did the baseline forecast.

On the other hand, the baseline could be overly pessimistic. Businesses may have overreacted to the plunge in spending that followed the September 11 attacks. This scenario carries its own risks. If activity is about to turn around on its own, the huge amount of monetary and fiscal stimulus is the pipeline could prove excessive. Rather than grease the wheels of the recovery train, it would set up the conditions for a return of inflation and speculative investment. At the state level, the initial level of personal income is higher in the optimistic forecast and wages and prices grow faster. Washington aerospace employment turns up in 2003 rather than continuing to decline as in the baseline scenario. Population growth and construction employment growth were also enhanced in the optimistic alternative. By the end of the 2001-03 biennium, Washington nonagricultural employment is higher by 45,000 jobs than in the baseline forecast and Washington personal income is \$7.6 billion higher. The optimistic scenario generated \$629 million (3.0 percent) more revenue in the 2001-03 biennium than did the baseline forecast.

Governor's Council of Economic Advisors Scenario

In addition to the optimistic and pessimistic forecasts, the staff has prepared a forecast based on the opinions of the Governor's Council of Economic Advisors (GCEA) as summarized in Table 1.3. In the GCEA scenario, the U.S. and state forecasts were adjusted to match the average view of the Council members. Nationally the Governor's Council scenario was virtually the same as the baseline forecast. The GCEA members had slightly stronger GDP growth but slightly weaker inflation than did the baseline forecast for both years. The GCEA scenario had higher short term and long term interest rates in 2002 than did the baseline forecast but slightly lower rates in 2003. Overall, the GCEA forecasts for Washington State were also very similar to the baseline forecast. The Governor's Council members expected slightly weaker employment and nominal personal income growth in both years. Their real personal income growth forecasts were slightly higher than the baseline due to their lower inflation forecasts. The GCEA housing forecasts showed smaller declines than did the baseline forecast, particularly in fiscal 2003. At the end of the 2001-03 bien-nium, Washington nonagricultural employment was 9,100 lower in the GCEA forecast than in the baseline forecast and their Washington personal income forecast was \$1.3 billion lower. The Governor's Council scenario generated \$35 million (0.2 percent) less revenue in the 2001-03 bien-nium than did the baseline forecast.

Table 1.1
U.S. Economic Forecast Summary
Forecast 2002 to 2003

Fiscal Years

	1996	1997	1998	1999	2000	2001	2002	2003
Real National Income Accounts (Billions of Chained 1996 Dollars)								
Real Gross Domestic Product	7,665.6	7,980.4	8,332.2	8,675.3	9,063.3	9,310.1	9,291.8	9,565.4
% Ch	2.8	4.1	4.4	4.1	4.5	2.7	-0.2	2.9
Real Consumption	5,158.8	5,318.1	5,551.4	5,822.1	6,120.4	6,362.5	6,452.3	6,638.3
% Ch	3.1	3.1	4.4	4.9	5.1	4.0	1.4	2.9
Real Nonresidential Fixed Investment	849.9	951.0	1,078.9	1,179.9	1,291.0	1,360.1	1,231.4	1,249.6
% Ch	8.2	11.9	13.5	9.4	9.4	5.3	-9.5	1.5
Real Residential Fixed Investment	302.4	316.2	329.7	360.5	372.9	370.7	372.9	367.3
% Ch	2.0	4.6	4.3	9.4	3.4	-0.6	0.6	-1.5
Real Personal Income	6,430.8	6,664.6	7,004.8	7,329.8	7,570.2	7,874.3	8,007.8	8,172.8
% Ch	2.8	3.6	5.1	4.6	3.3	4.0	1.7	2.1
Real Per Capita Income (\$/Person)	24,304	24,952	25,983	26,945	27,581	28,434	28,657	28,988
% Ch	1.8	2.7	4.1	3.7	2.4	3.1	0.8	1.2
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	0.989	1.011	1.025	1.037	1.061	1.088	1.103	1.124
% Ch	2.1	2.2	1.4	1.2	2.3	2.5	1.4	1.9
U.S. Consumer Price Index (1982-84=1.0)	1.546	1.590	1.619	1.646	1.694	1.752	1.791	1.827
% Ch	2.7	2.8	1.8	1.7	2.9	3.4	2.2	2.1
Employment Cost Index (June 1989=1.0)	1.239	1.280	1.329	1.380	1.431	1.488	1.536	1.580
% Ch	3.1	3.3	3.9	3.8	3.8	3.9	3.2	2.9
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	7,593.6	8,061.1	8,548.6	9,013.9	9,586.6	10,077.4	10,259.1	10,736.0
% Ch	4.9	6.2	6.0	5.4	6.4	5.1	1.8	4.6
Personal Income	6,361.3	6,736.6	7,178.5	7,604.4	8,033.4	8,564.0	8,833.5	9,189.2
% Ch	4.9	5.9	6.6	5.9	5.6	6.6	3.1	4.0
Employment (Millions)								
U.S. Civilian Labor Force	132.9	135.3	137.0	138.6	140.3	141.3	142.4	144.1
Total U.S. Employment	125.5	128.2	130.6	132.5	134.5	135.4	134.3	135.3
Unemployment Rate (%)	5.57	5.22	4.66	4.38	4.10	4.17	5.67	6.10
Wage and Salary Employment	118.26	121.10	124.31	127.36	130.54	132.31	131.78	132.19
% Ch	2.0	2.4	2.6	2.5	2.5	1.4	-0.4	0.3
Manufacturing	18.49	18.56	18.81	18.67	18.51	18.23	16.97	16.36
% Ch	-0.0	0.4	1.4	-0.8	-0.9	-1.5	-6.9	-3.6
Durable Manufacturing	10.72	10.88	11.17	11.15	11.12	11.01	10.18	9.74
% Ch	1.2	1.4	2.7	-0.1	-0.3	-0.9	-7.5	-4.3
Nondurable Manufacturing	7.76	7.68	7.64	7.52	7.39	7.22	6.78	6.62
% Ch	-1.6	-1.1	-0.5	-1.6	-1.7	-2.3	-6.0	-2.4
Nonmanufacturing	99.77	102.54	105.50	108.69	112.03	114.07	114.82	115.83
% Ch	2.4	2.8	2.9	3.0	3.1	1.8	0.6	0.9
Services	33.77	35.22	36.81	38.27	39.82	40.88	41.29	42.41
% Ch	4.2	4.3	4.5	4.0	4.0	2.7	1.0	2.7
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	20.0	20.5	20.2	20.3	20.7	21.4	21.0	21.0
Auto Sales (Millions)	8.7	8.3	8.2	8.3	9.0	8.5	7.5	7.8
% Ch	-0.6	-4.5	-2.1	2.2	7.8	-5.0	-11.7	3.6
Housing Starts (Millions)	1.447	1.457	1.530	1.659	1.640	1.574	1.555	1.526
% Ch	4.5	0.7	5.0	8.4	-1.2	-4.0	-1.2	-1.8
Federal Budget Surplus (Billions)	-171.1	-97.1	-1.5	81.1	174.3	211.1	-19.7	-42.9
Net Exports (Billions)	-74.8	-88.6	-117.7	-192.5	-311.8	-370.6	-334.6	-373.0
3-Month Treasury Bill Rate (%)	5.14	5.04	5.04	4.49	5.23	5.13	2.23	3.26
30-Year U.S. Govt. Bond Rate (%)	6.54	6.83	6.10	5.44	6.14	5.66	5.00	5.59
Bond Index of 20 G.O. Munis. (%)	5.78	5.72	5.24	5.08	5.82	5.35	4.60	4.94
Mortgage Rate (%)	7.60	7.90	7.20	6.93	8.05	7.45	6.49	7.12

Table 1.2

Fiscal Years

Washington Economic Forecast Summary

Forecast 2002 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Real Income (Billions of Chained 1996 Dollars)								
Real Personal Income	135.326	143.461	152.689	162.140	170.364	172.350	172.918	175.941
% Ch	3.4	6.0	6.4	6.2	5.1	1.2	0.3	1.7
Real Wage and Salary Disb.	74.891	80.587	87.485	94.764	102.264	101.932	101.340	102.721
% Ch	4.3	7.6	8.6	8.3	7.9	-0.3	-0.6	1.4
Real Nonwage Income	60.435	62.874	65.203	67.376	68.100	70.418	71.578	73.220
% Ch	2.4	4.0	3.7	3.3	1.1	3.4	1.6	2.3
Real Per Capita Income (\$/Person)	24,358	25,385	26,604	27,860	28,937	28,898	28,657	28,832
% Ch	1.6	4.2	4.8	4.7	3.9	-0.1	-0.8	0.6
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	0.989	1.011	1.025	1.037	1.061	1.088	1.103	1.124
% Ch	2.1	2.2	1.4	1.2	2.3	2.5	1.4	1.9
Seattle Cons. Price Index (1982-84=1.0)	1.544	1.606	1.653	1.702	1.757	1.828	1.876	1.906
% Ch	2.8	4.0	2.9	3.0	3.2	4.0	2.6	1.6
Avg. Hourly Earnings-Mfg. (\$/Hour)	14.52	14.96	15.43	15.97	16.41	17.20	17.89	18.09
% Ch	-2.4	3.1	3.1	3.5	2.8	4.8	4.0	1.1
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	133.129	144.332	155.977	167.872	180.510	186.965	190.161	197.174
% Ch	5.5	8.4	8.1	7.6	7.5	3.6	1.7	3.7
Personal Income	133.868	145.015	156.480	168.216	180.779	187.444	190.748	197.823
% Ch	5.6	8.3	7.9	7.5	7.5	3.7	1.8	3.7
Disposable Personal Income	116.588	125.287	134.274	143.578	153.234	158.297	163.510	169.551
% Ch	4.9	7.5	7.2	6.9	6.7	3.3	3.3	3.7
Per Capita Income (\$/Person)	24,095	25,659	27,264	28,904	30,705	31,428	31,611	32,417
% Ch	3.7	6.5	6.3	6.0	6.2	2.4	0.6	2.5
Employment (Thousands)								
Washington Civilian Labor Force	2,842.9	2,928.2	3,015.2	3,067.5	3,050.4	3,070.1	3,033.1	3,060.9
Total Washington Employment	2,653.2	2,764.6	2,876.3	2,921.1	2,899.1	2,904.6	2,826.4	2,824.9
Unemployment Rate (%)	6.67	5.59	4.61	4.77	4.96	5.39	6.81	7.71
Wage and Salary Employment	2,371.5	2,464.8	2,558.2	2,621.3	2,682.3	2,719.4	2,694.7	2,697.7
% Ch	1.7	3.9	3.8	2.5	2.3	1.4	-0.9	0.1
Manufacturing	332.8	357.5	378.5	373.0	356.2	345.0	324.2	307.1
% Ch	-1.5	7.4	5.9	-1.5	-4.5	-3.1	-6.0	-5.3
Durable Manufacturing	223.1	248.3	270.0	264.7	247.6	239.5	223.5	207.1
% Ch	-3.2	11.3	8.7	-2.0	-6.5	-3.3	-6.7	-7.3
Aerospace	77.3	95.8	111.2	107.7	90.0	86.8	83.2	68.2
% Ch	-13.1	23.8	16.1	-3.1	-16.5	-3.5	-4.2	-18.0
Nondurable Manufacturing	109.7	109.2	108.5	108.3	108.6	105.5	100.7	100.0
% Ch	2.1	-0.4	-0.7	-0.2	0.3	-2.8	-4.5	-0.7
Nonmanufacturing	2,038.7	2,107.3	2,179.7	2,248.4	2,326.2	2,374.4	2,370.5	2,390.6
% Ch	2.3	3.4	3.4	3.2	3.5	2.1	-0.2	0.8
Construction	123.6	132.7	139.2	148.8	158.6	161.2	155.2	151.8
% Ch	0.8	7.4	4.9	6.9	6.6	1.6	-3.7	-2.2
Services	637.1	662.4	695.0	723.1	759.4	785.9	788.0	812.7
% Ch	4.3	4.0	4.9	4.0	5.0	3.5	0.3	3.1
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	39.516	38.050	45.127	44.954	39.318	41.087	37.047	35.900
% Ch	-4.8	-3.7	18.6	-0.4	-12.5	4.5	-9.8	-3.1
Single-Family	27.998	26.010	29.346	28.252	26.387	27.446	26.546	24.403
% Ch	0.7	-7.1	12.8	-3.7	-6.6	4.0	-3.3	-8.1
Multi-Family	11.518	12.040	15.780	16.702	12.931	13.641	10.501	11.498
% Ch	-15.9	4.5	31.1	5.8	-22.6	5.5	-23.0	9.5
Mortgage Rate (%)	7.60	7.90	7.20	6.93	8.05	7.45	6.49	7.12

Table 1.3

Comparison of Alternative Forecasts

	Fiscal Year 2001				Fiscal Year 2002				Fiscal Year 2003			
	O	B	P	G	O	B	P	G	O	B	P	G
U.S.												
Real GDP	9310.1	9310.1	9310.1	9310.1	9350.3	9291.8	9350.3	9350.3	9676.5	9565.4	9676.5	9676.5
%Ch	2.7	2.7	2.7	2.7	0.4	-0.2	-1.1	-0.0	3.5	2.9	2.3	3.1
Implicit Price Deflator	1.088	1.088	1.088	1.088	1.103	1.103	1.102	1.101	1.125	1.124	1.117	1.120
%Ch	2.5	2.5	2.5	2.5	1.4	1.4	1.3	1.3	2.0	1.9	1.4	1.7
Mortgage Rate	7.45	7.45	7.45	7.45	6.76	6.49	6.29	6.56	7.43	7.12	6.15	7.04
3 Month T-Bill Rate	5.13	5.13	5.13	5.13	2.65	2.23	1.91	2.36	3.81	3.26	1.96	3.24
Washington												
Real Personal Income*	172.350	172.350	172.350	172.350	175.488	172.918	170.476	172.987	181.896	175.941	170.041	176.076
%Ch	1.2	1.2	1.2	1.2	1.8	0.3	-1.1	0.4	3.7	1.7	-0.3	1.8
Personal Income	187.444	187.444	187.444	187.444	193.488	190.748	187.862	190.506	204.613	197.823	189.979	197.243
%Ch	3.7	3.7	3.7	3.7	3.2	1.8	0.2	1.6	5.8	3.7	1.1	3.5
Employment	2719.4	2719.4	2719.4	2719.4	2706.7	2694.7	2680.6	2692.0	2739.6	2697.7	2649.9	2690.2
%Ch	1.4	1.4	1.4	1.4	-0.5	-0.9	-1.4	-1.0	1.2	0.1	-1.1	-0.1
Housing Permits	41.087	41.087	41.087	41.087	39.414	37.047	33.374	37.157	41.240	35.900	32.985	36.575
%Ch	4.5	4.5	4.5	4.5	-4.1	-9.8	-18.8	-9.6	4.6	-3.1	-1.2	-1.6

(O) Optimistic; (B) Baseline; (P) Pessimistic; (G) Governor's Council of Economic Advisors

Table 1.4

Forecast Analysis

Comparison of Forecasts for 2001-03

Forecast Date	2000				2001				2002				2003	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
U.S.														
Percent Growth, 2001:2-2003:2														
Real GDP	5.9	6.7	6.8	7.0	7.4	7.0	5.9	4.2						
Implicit Price Deflator	4.3	4.9	4.8	4.8	4.6	4.6	4.4	3.5						
Average Rate, 2001:3 to 2003:2														
3 Month T-Bill Rate	5.43	5.87	5.62	5.46	4.67	3.75	3.68	2.75						
Mortgage Rate	7.61	7.89	7.90	7.42	7.23	7.22	7.12	6.81						
Washington														
Percent Growth, 2001:2-2003:2														
Employment	3.3	4.0	3.7	3.7	3.4	3.3	2.8	0.0						
Personal Income	10.1	11.4	11.3	11.8	11.6	11.3	9.7	5.5						
Real Personal Income	5.6	6.3	6.1	6.7	6.7	6.4	5.1	1.9						
Total (Thousands of units), 2001:3 to 2003:2														
Housing Units Authorized	82.1	84.3	82.7	84.8	84.3	78.8	83.2	72.9						

Table 1.5

Fiscal Years

Forecast Comparison

Forecast 2002 to 2003

	1999	2000	2001	2002	2003
U.S.					
Real GDP					
November Baseline	8675.3	9063.3	9310.1	9291.8	9565.4
% Ch	4.1	4.5	2.7	-0.2	2.9
September Baseline	8675.3	9063.3	9309.2	9448.6	9763.4
% Ch	4.1	4.5	2.7	1.5	3.3
Implicit Price Deflator					
November Baseline	1.037	1.061	1.088	1.103	1.124
% Ch	1.2	2.3	2.5	1.4	1.9
September Baseline	1.037	1.061	1.088	1.108	1.134
% Ch	1.2	2.3	2.5	1.9	2.4
U.S. Unemployment Rate					
November Baseline	4.38	4.10	4.17	5.67	6.10
September Baseline	4.38	4.10	4.17	5.14	5.24
Mortgage Rate					
November Baseline	6.93	8.05	7.45	6.49	7.12
September Baseline	6.93	8.05	7.45	6.83	7.42
3 Month T-Bill Rate					
November Baseline	4.49	5.23	5.13	2.23	3.26
September Baseline	4.49	5.23	5.13	3.24	4.11
Washington					
Real Personal Income					
November Baseline	162.140	170.364	172.350	172.918	175.941
% Ch	6.2	5.1	1.2	0.3	1.7
September Baseline	161.705	171.669	174.059	178.836	184.187
% Ch	6.1	6.2	1.4	2.7	3.0
Personal Income					
November Baseline	168.216	180.779	187.444	190.748	197.823
% Ch	7.5	7.5	3.7	1.8	3.7
September Baseline	167.767	182.166	189.331	198.170	208.921
% Ch	7.4	8.6	3.9	4.7	5.4
Employment					
November Baseline	2621.3	2682.3	2719.4	2694.7	2697.7
% Ch	2.5	2.3	1.4	-0.9	0.1
September Baseline	2621.3	2682.4	2725.1	2739.6	2782.2
% Ch	2.5	2.3	1.6	0.5	1.6
Housing Permits					
November Baseline	44.954	39.318	41.087	37.047	35.900
% Ch	-0.4	-12.5	4.5	-9.8	-3.1
September Baseline	44.954	39.318	41.087	41.351	41.811
% Ch	-0.4	-12.5	4.5	0.6	1.1

Table 1.6

Calendar Years

Long Range Economic Outlook

Forecast 2001 to 2011

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
U.S.*											
Real GDP, %Ch	1.1	0.4	4.4	3.8	3.2	3.1	2.9	3.2	3.3	3.4	3.2
Implicit Price Deflator, %Ch	2.0	1.5	2.2	2.5	2.5	2.5	2.7	2.8	2.8	2.9	3.0
3 Month T-Bill Rate	3.40	2.28	4.19	4.66	4.65	4.66	4.67	5.02	5.16	5.18	5.50
Mortgage Rate	6.89	6.47	7.78	8.09	7.90	7.87	7.85	8.06	8.12	8.09	8.34
State**											
Real Personal Income, %Ch	1.0	0.3	3.1	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Personal Income, %Ch	3.0	1.8	5.4	5.0	5.0	5.1	5.2	5.3	5.4	5.5	5.6
Employment, %Ch	0.0	-0.8	0.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

* September 2001 Baseline (2001-2003) extended with the DRI September 2000 Trendlong Forecast.

** September 2001 Baseline (2001-2003) judgmentally extended through 2010.

Comparison of Washington and U.S. Economic Forecasts

Chart 1.1
Total Nonagricultural Employment

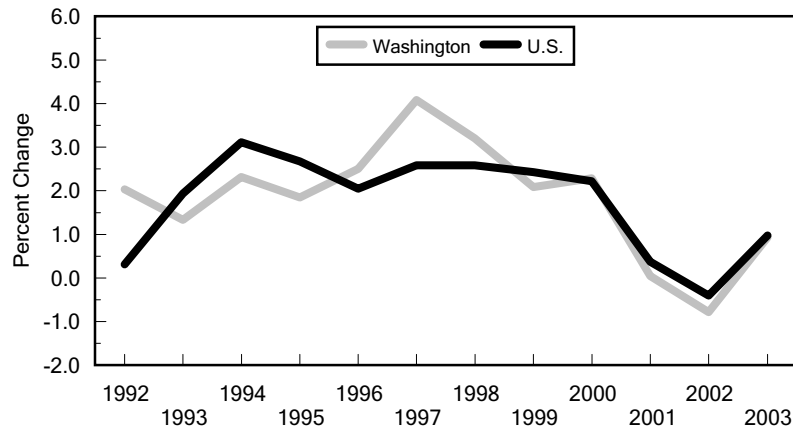


Chart 1.2
Manufacturing Employment

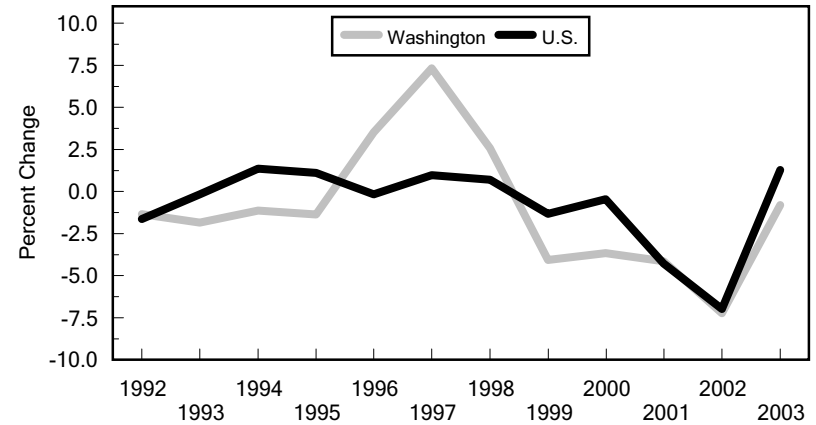


Chart 1.3
Aerospace Employment

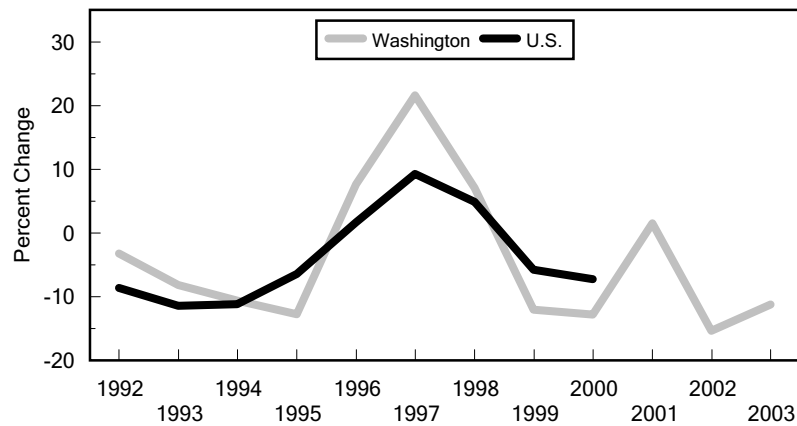
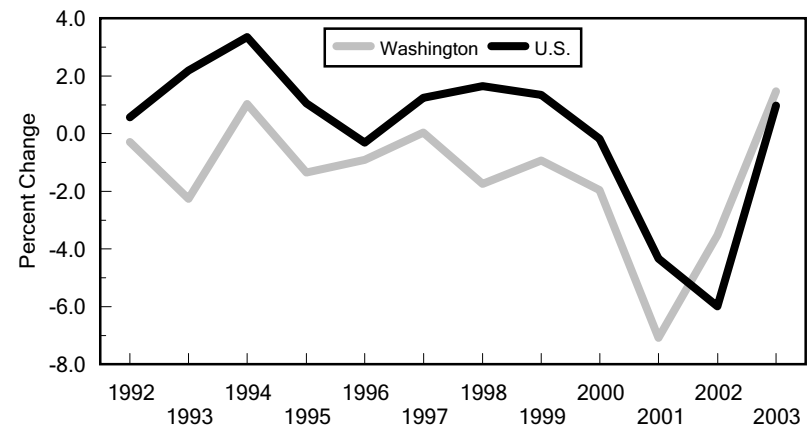


Chart 1.4
Forest Products Employment



Comparison of Washington and U.S. Economic Forecasts

Chart 1.5
Construction Employment

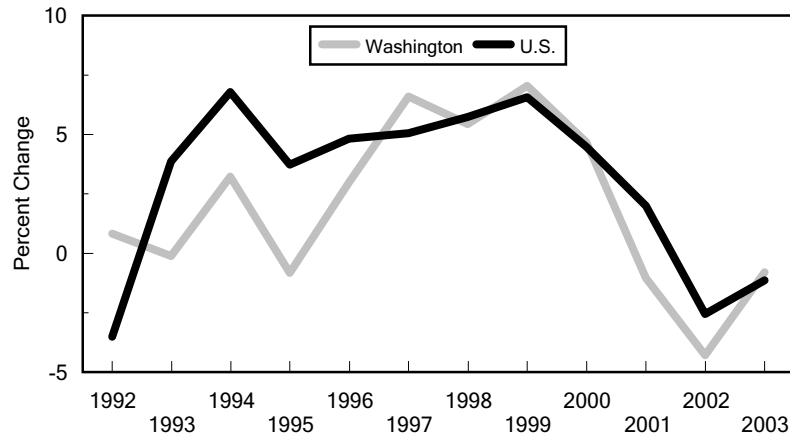


Chart 1.6
Trade Employment

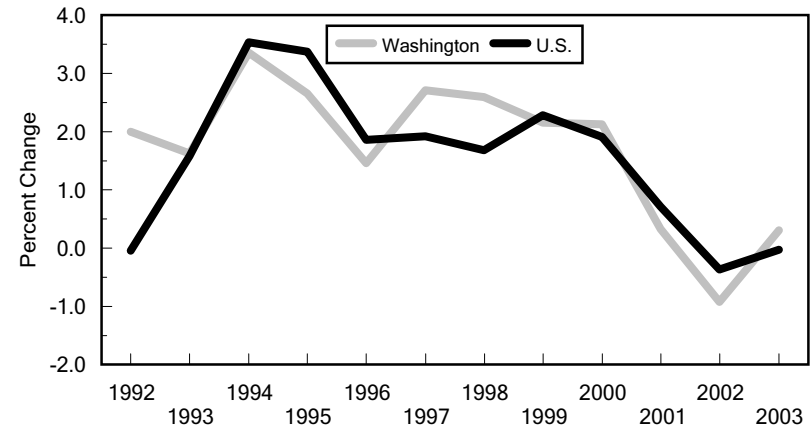


Chart 1.7
Services Employment

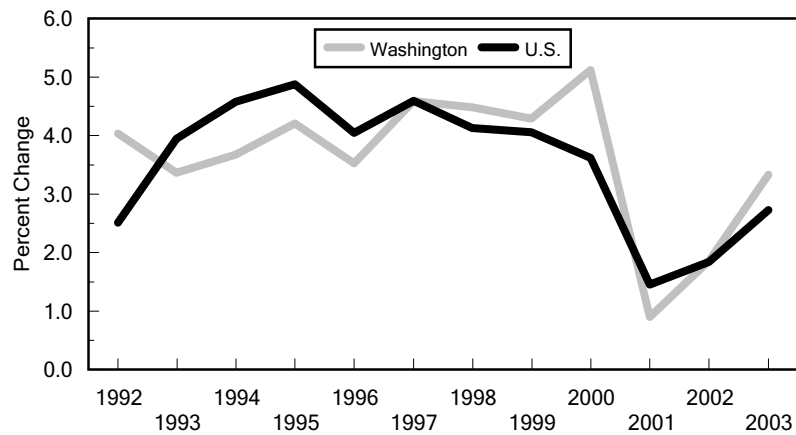
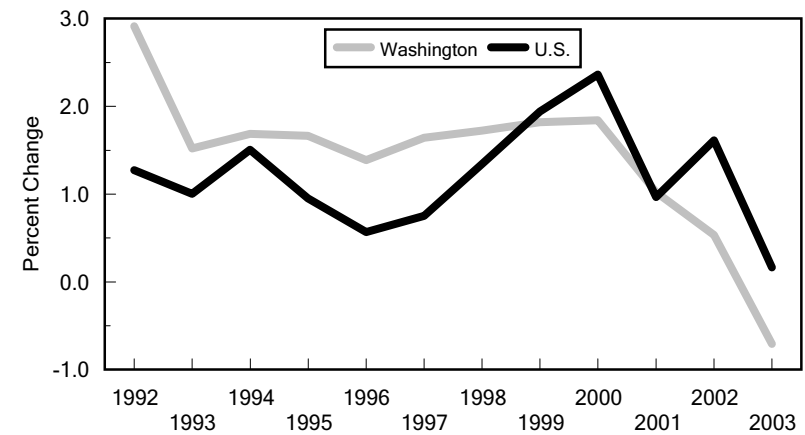


Chart 1.8
Government Employment



Comparison of Washington and U.S. Economic Forecasts

Chart 1.9
Real Personal Income

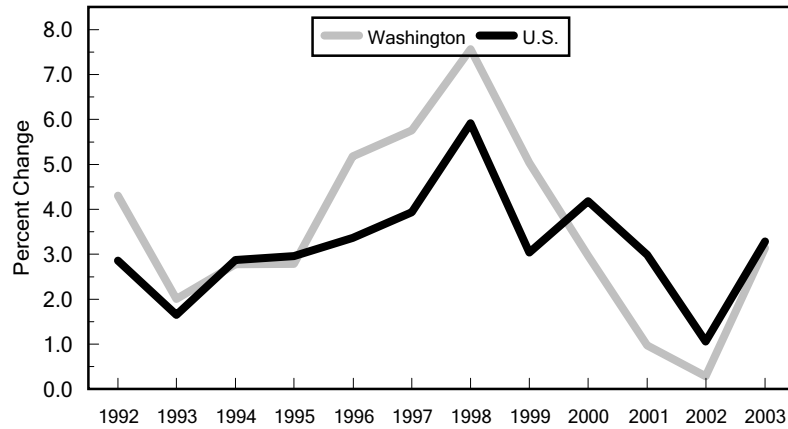


Chart 1.10
Consumer Price Indices

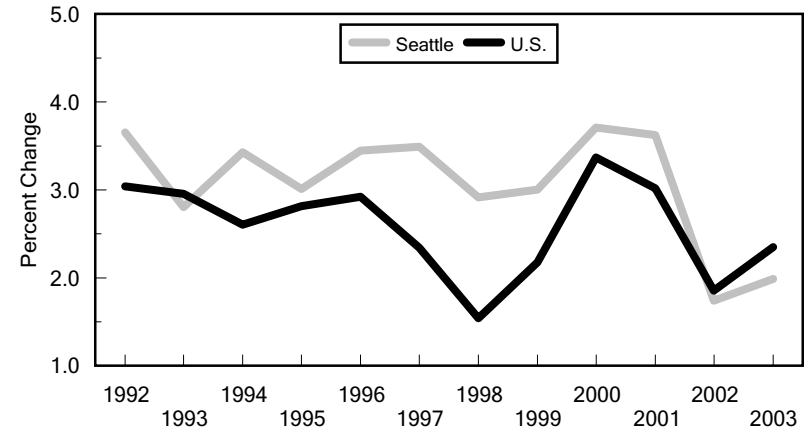


Chart 1.11
Population

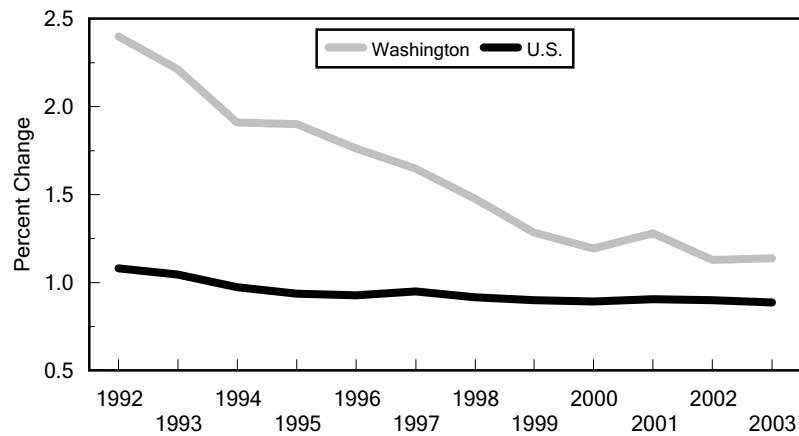
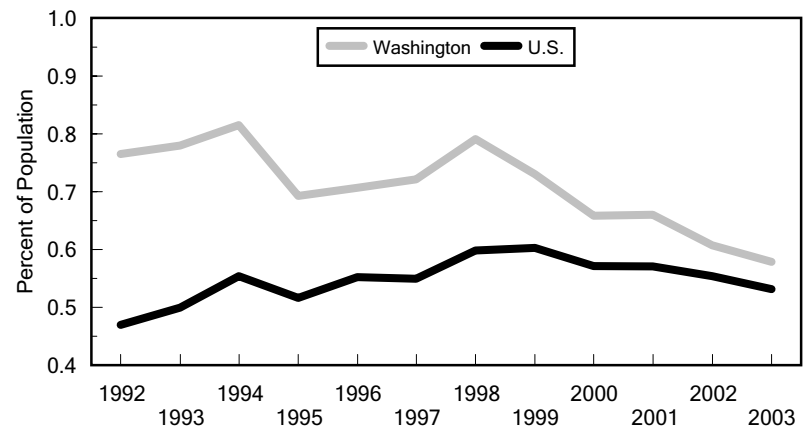


Chart 1.12
Per Capita Housing Units



Comparison of Alternative U.S. Forecasts

Chart 1.13
Real GDP

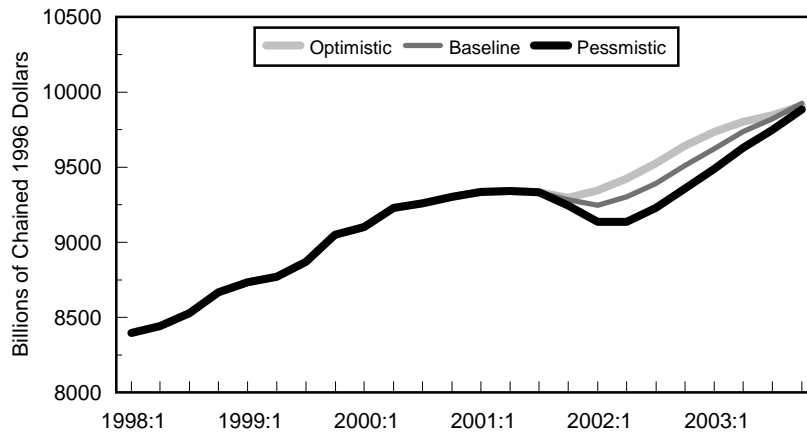


Chart 1.14
Implicit Price Deflator

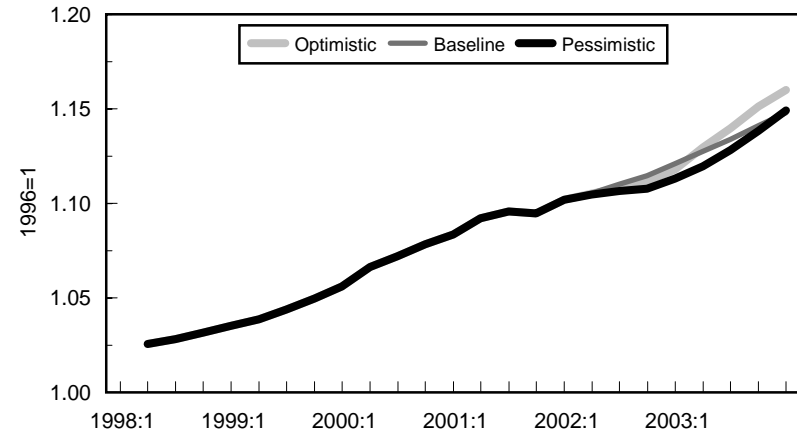


Chart 1.15
Mortgage Rate

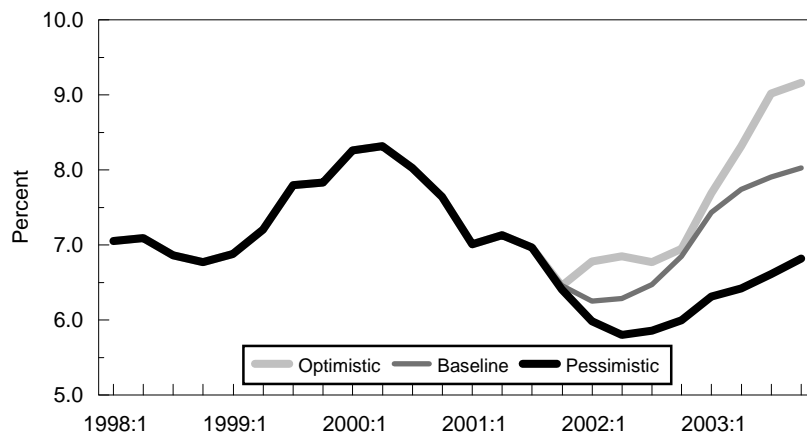
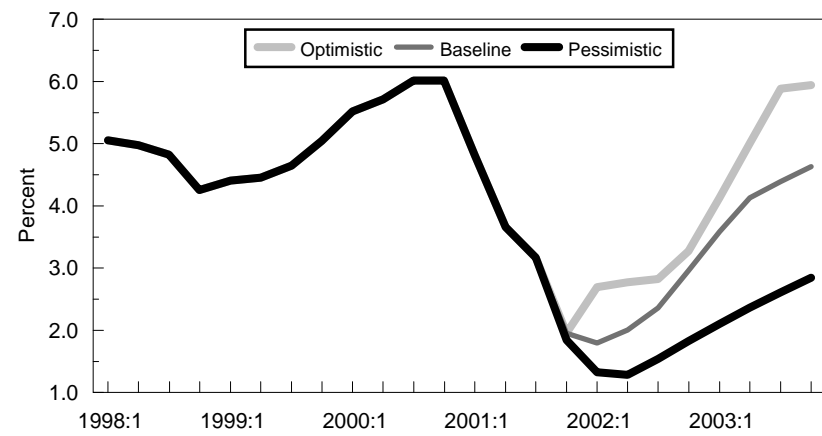


Chart 1.16
Three Month T-Bill Rate



Comparison of Alternative Washington Forecasts

Chart 1.17
Personal Income

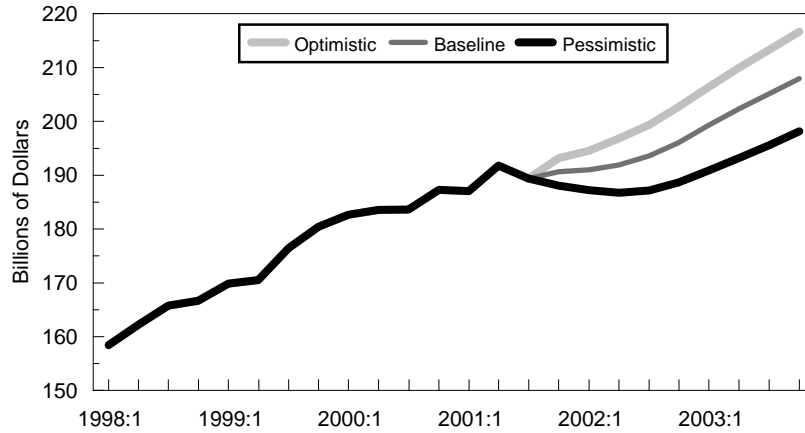


Chart 1.18
Real Personal Income

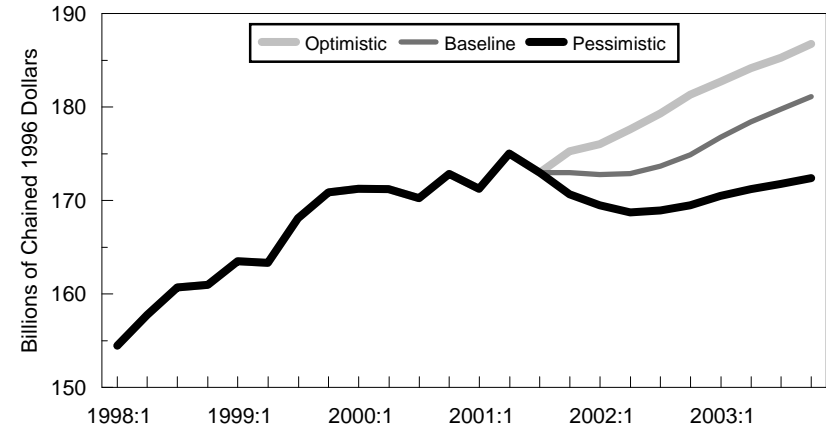


Chart 1.19
Nonagricultural Employment

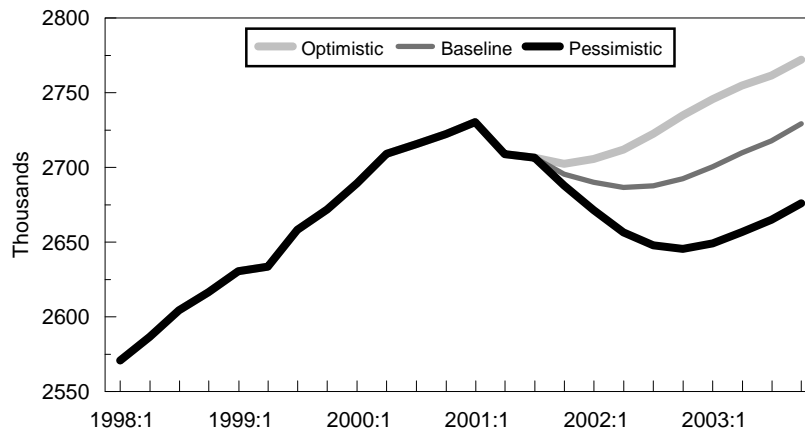
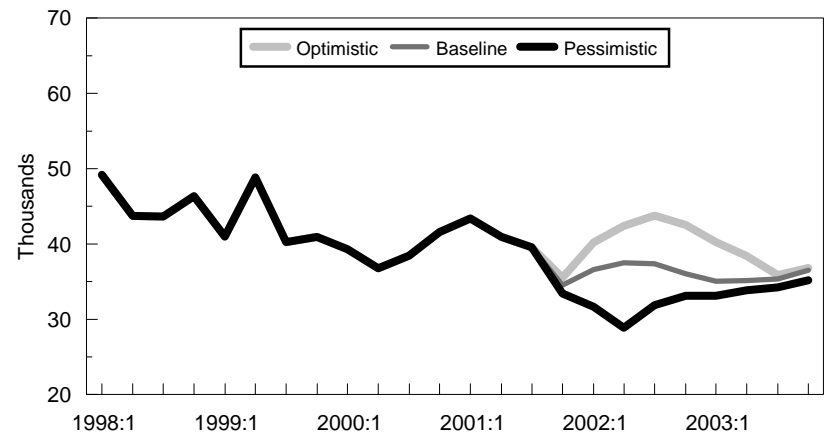


Chart 1.20
Housing Permits



Washington Business Indicators

The National Economy

The longest U.S. expansion on record has ended. According to the National Bureau of Economic Research (NBER) the expansion ended in March 2001, ten years after it began. Since then we have been in recession. While economic activity had begun to slow long before the terrorist attacks on September 11th, as noted by the NBER, the attacks clearly deepened the contraction and may have been an important factor in turning weak economic growth into a contraction. Although the economy has officially been in recession since March of 2001, real Gross Domestic Production (GDP), the broadest measure of economic activity, did not decline until the third quarter of 2001. Real GDP declined at a 1.1 percent annual rate in the third quarter, its first decline since the first quarter of 1993. The decline in the third quarter was the steepest since it fell 2.0 percent in the first quarter of 1991. Exports and Investment spending were the primary drag on economic growth in the third quarter. Exports declined 17.7 percent and real gross investment declined 10.7 percent. Real investment spending has now declined sixth of the last seven quarters and the rate of decline has been in double digits the past three quarters. Although real consumer spending was up 1.1 percent in the third quarter, this was the weakest increase since the first quarter of 1993.

Conditions in the manufacturing sector continue to deteriorate. The U.S. Purchasing Managers Index fell to 39.8 in October from 47.0 in September. This is the largest monthly decline since 1984. The index has declined three of the last four months and is at its lowest level since 1991. Conditions in the labor market have also deteriorated. Total non-farm jobs fell 415,000 in October. This was the largest one-month job loss since 1980. Wage and salary employment has now fallen four of the last five months. Declining payroll jobs pushed the unemployment rate up from 4.3 percent in March to 5.4 percent in October. This is well above last October's 3.9 rate and is the highest unemployment rate since 1996. While, the unemployment rate is still well below previous recession levels, it is likely to rise in coming months. There is still little inflation. The Consumer Price Index (CPI) declined 0.3 percent in October and has now declined or has been unchanged three of the past four months. The October CPI is only 2.1 percent higher than a year ago.

The Conference Board reported that the U.S. Index of Leading Indicators increased 0.3 percent in October but is still below its July and August level. The index now stands at 109.4 (1996=100) the same as the year-ago level. In October seven of the ten indicators that make up the leading index rose and three declined.

The Conference Board also reported that its Index of Consumer Confidence fell for the fifth straight month in November. The November index, which now stands at 82.2 is down from 85.3 in October. The index is now 38 percent below the year ago level and 43 percent below its all time high of 144.7 reached in January 2000. Job cuts are clearly dampening consumer confidence. The Conference Board reported that the November survey indicated consumers are a little more pessimistic about the current situation and more optimistic about the economy six months from now than they were last month.

The Federal Open Market Committee (FOMC) again cut its target for the federal funds rate by one half of one percent on November 6, 2001. The target federal funds rate is now 2.0 percent; the federal funds rate has not been this low since the early 1960's. The cut on November 6th was the tenth this year and the third since the attacks on September 11th. While the FOMC believes that the long-term prospects of the economy continue to be favorable, the near term the risks to the economy continue to be "weighted towards conditions that may generate economic weakness."

The State Economy and Indicators

The Washington economy continues to weaken. Payroll employment declined at an annual rate of 0.4 percent in the third quarter, after declining 3.1 percent in the second quarter. The decline in the second quarter was the first quarterly employment decline since 1993. The state had not seen two consecutive quarterly declines in employment since the recession of 1982-83. Manufacturing employment continued to decline in the third quarter of 2001, falling 2.9 percent. It fell 7.8 percent in the second quarter and has now declined thirteen consecutive quarters after adjusting for the impact of the Boeing strike in the first quarter of 2000. The weakness in manufacturing comes despite growth in Washington's largest manufacturing sector, aerospace. Aerospace employment increased at a 5.1 percent annual rate percent in the third quarter. Due to expected cuts at Boeing, it may be a while before aerospace employment again adds to employment growth. Excluding aerospace, manufacturing employment in Washington declined 0.5 percent in the third quarter of 2001. Weak job growth is beginning to show up in the unemployment data. Washington's seasonally adjusted unemployment rate rose from 5.5 percent in May 2001 to 6.6 percent in October. October's 6.6 percent rate was the highest in the nation. The state's unemployment rate has not been this high since July of 1996. Last year the October unemployment rate was only 5.2 percent. Employment is expected to continue to decline and the unemployment rate will likely continue to rise for the next few quarters due to expected cuts in aerospace jobs.

Most other state economic indicators continue to signal a slowing economy. Average weekly hours in manufacturing fell in October 2001 to 39.9 from 40.1 in September and are 1.6 percent below the year-ago level. Although the Washington Purchasing Management Index rose in October to 43.3 from 37.9 in September, it is well below 50 (a reading below 50 indicates contraction), as well as below the year-ago level of 55.1. Washington's boom monitor index fell for the second consecutive month in October to 34.7. The boom monitor index is designed to signal when the Washington economy exceeds the limit of sustainable growth. When the index exceeds 50, its long run average, the economy is considered to be expanding above trend. Conversely, a reading below 50 indicates the economy is growing below its long run average. The index has been below 50 the last nine months and is at its lowest level since November 1995.

The Washington Index of Leading Indicators continues to signal a weakening economy. The index declined in October to 96.9 from 97.7 in September. The index has declined three of the last

four months and nine of the last twelve. It is well below the year-ago level of 101.5 and is at its lowest level since 1987. Five components of the index contributed to the decline in October: a drop in the index of help wanted advertising, a decline in aerospace employment, an increase in the exchange rate, and an increase in initial claims for unemployment insurance. <Body text>

*This is based on the most recent data from the Bureau of Economic Analysis (the preliminary GDP estimates for the third quarter of 2001 released November 30, 2001). The November economic forecast was based on the advanced GDP release which showed a 0.4 percent decline in real GDP in the third quarter of 2001.

Washington State Economic Indicators

Chart 2.1
Year-over-Year Employment Growth
January 1980 to October 2001

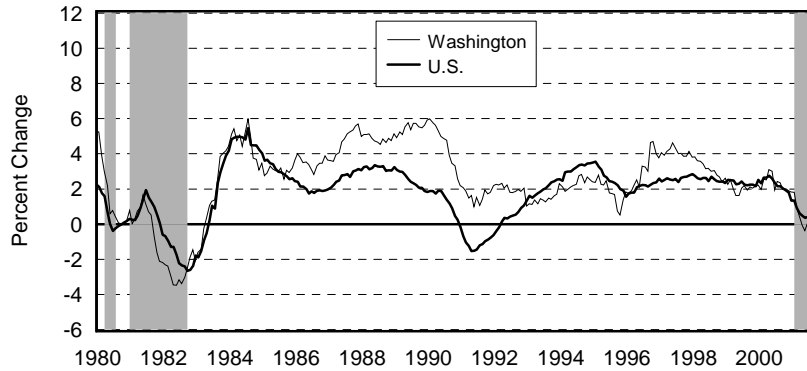


Chart 2.2
Washington Aircraft and Parts Employment
January 1958 to October 2001

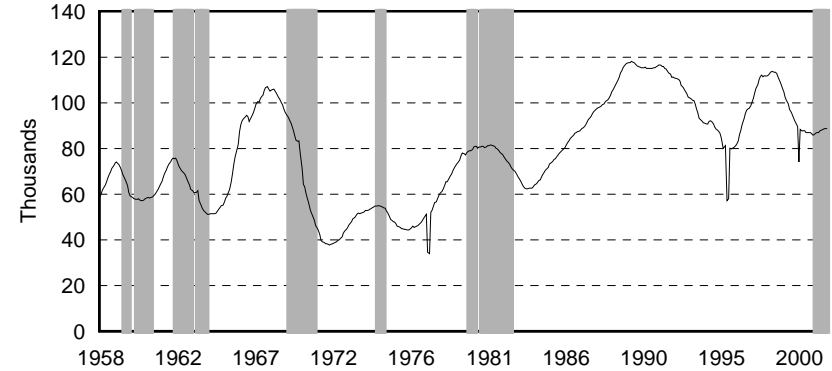


Chart 2.3
Unemployment Rate
January 1980 to October 2001

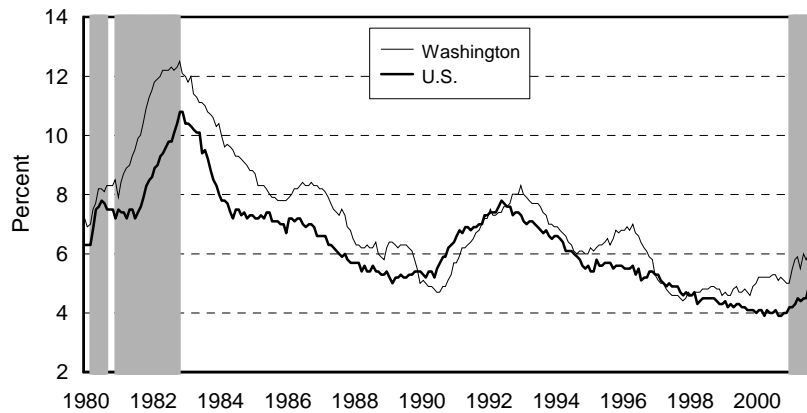
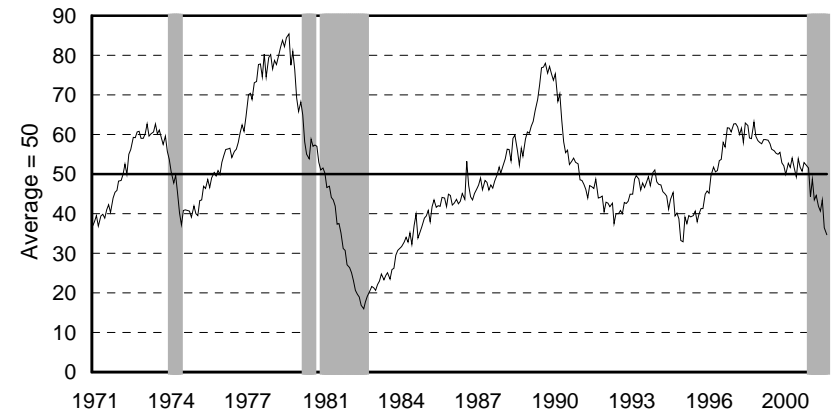


Chart 2.4
Washington Boom Monitor Composite Index
July 1971 to October 2001



* Shaded areas correspond with Washington employment downturns.

Washington State Leading Indicators

Chart 2.5
The Washington and U.S. Indexes of Leading Indicators
January 1970 to October 2001

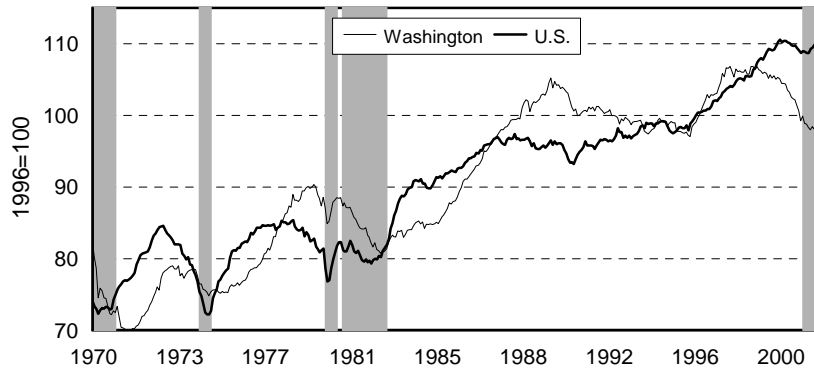


Chart 2.6
Washington Initial Claims for Unemployment Insurance
January 1970 to October 2001

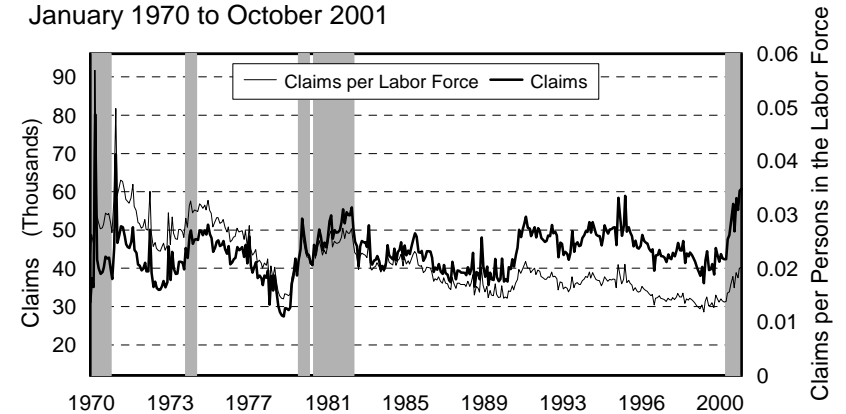


Chart 2.7
Seattle Times and U.S. Help-Wanted Advertising Indexes
January 1970 to October 2001

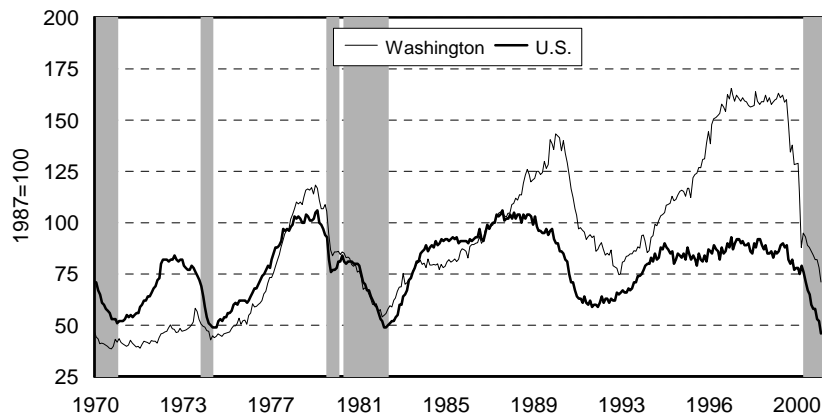
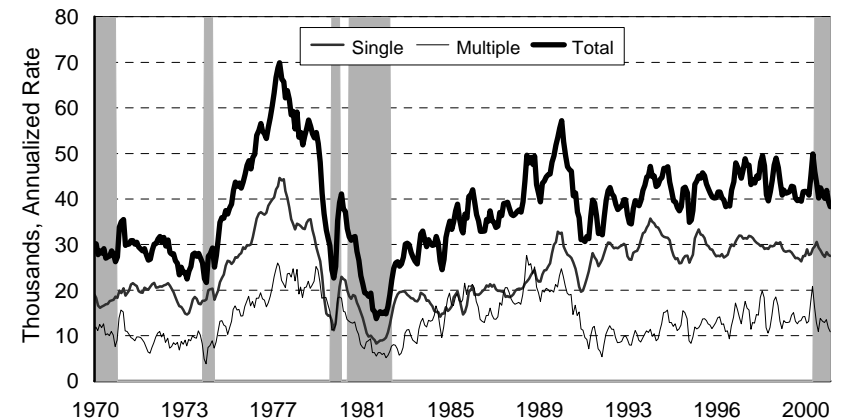


Chart 2.8
Housing Units Authorized in Washington State
January 1970 to October 2001, 3-Month Moving Average



Shaded areas in all charts correspond with Washington employment downturns.

Other State Economic Indicators

Chart 2.9
Average Weekly Hours in Manufacturing
 January 1970 to October 2001, 3-Month Moving Average, SA

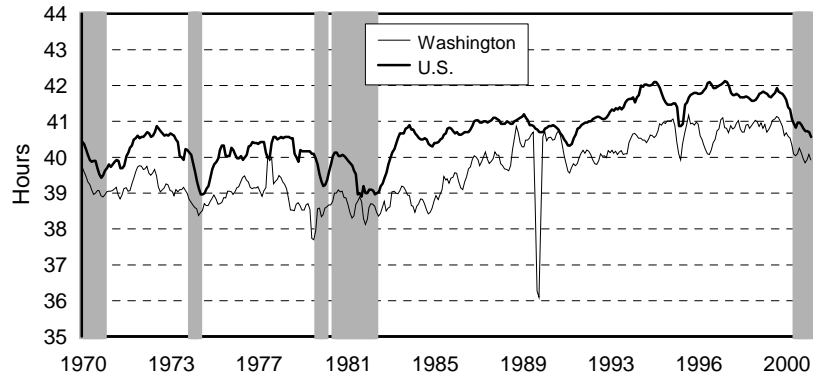


Chart 2.10
Washington Driver's License Migration
 September 1983 to October 2001, 12-Month Moving Average

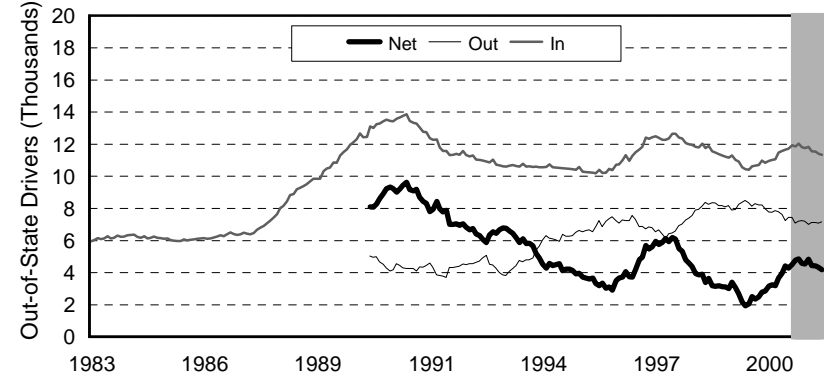


Chart 2.11
New Car and Truck Registrations in Washington
 January 1977 to October 2001, 6-Month Moving Average

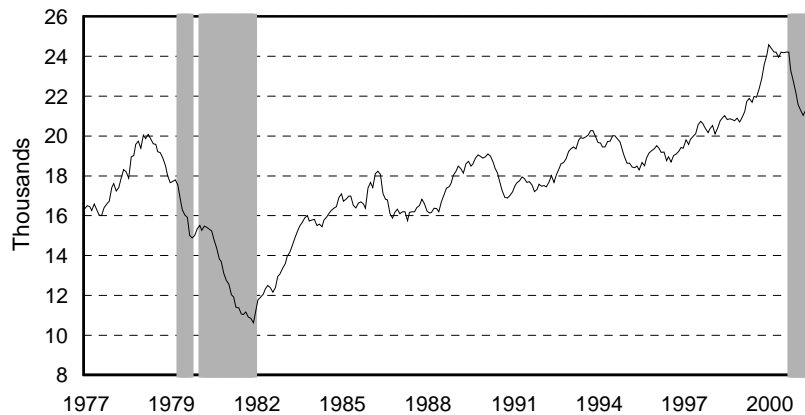
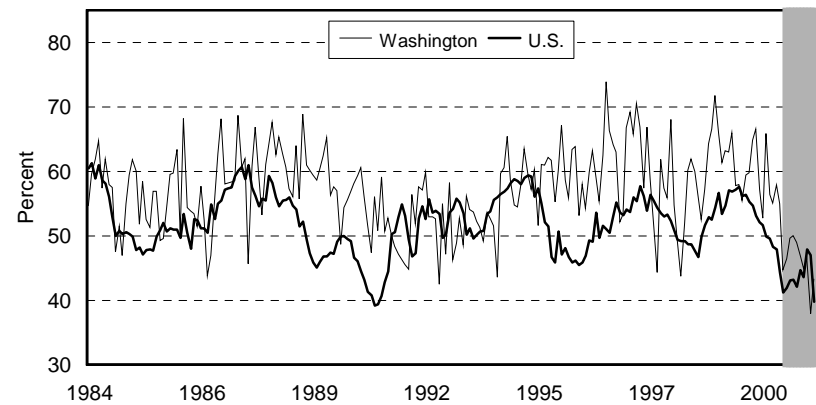


Chart 2.12
Purchasing Management Composite Index
 January 1984 to October 2001



* Shaded areas correspond with Washington employment downturns.

Other Economic Indicators

Chart 2.13
Quarterly U.S. Real GDP Growth
1970 Q1 to 2001 Q3

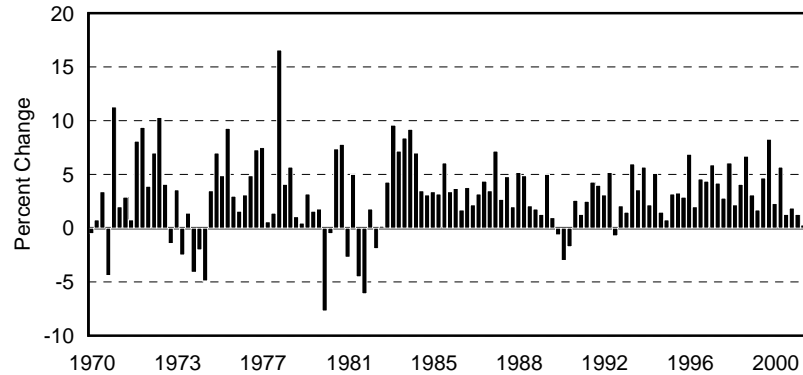


Chart 2.14
Washington State Export Composition
Change from Same Quarter Year Ago

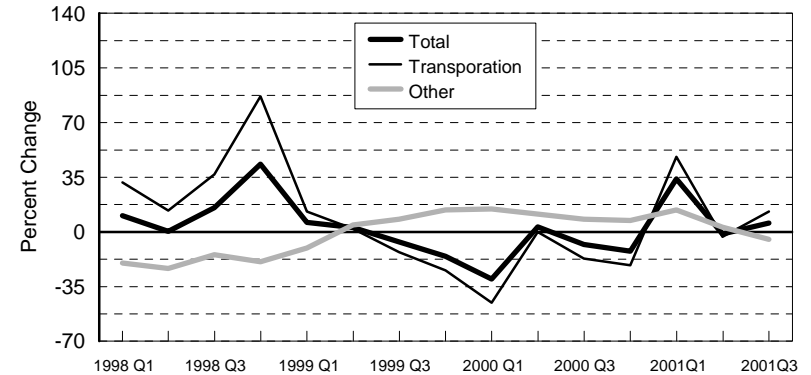


Chart 2.15
U.S. Economic Indicators
January 1970 to October 2001

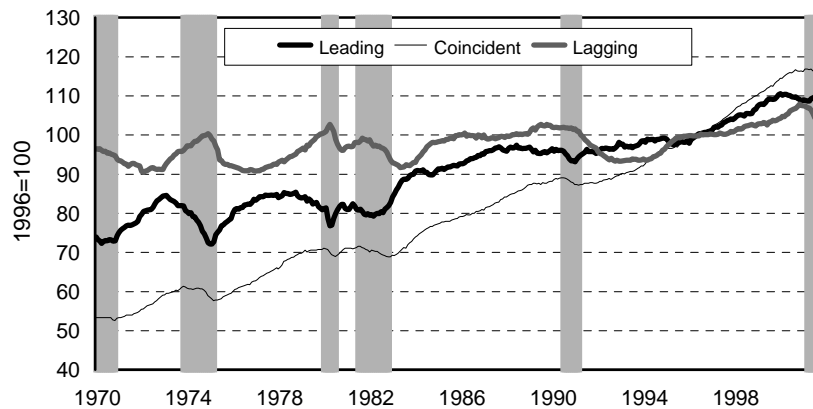
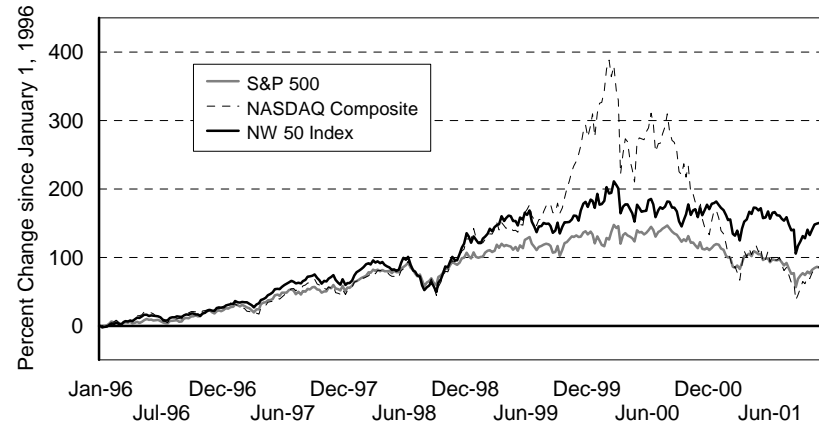


Chart 2.16
Northwest 50 Regional Stock Index vs. National Indices
January 1, 1996 to November 30, 2001



* Shaded areas correspond with U.S. business cycle contractions as defined by the National Bureau of Economic Analysis.

Other Economic Indicators

Chart 2.17

Federal Funds Target Rate

October 1, 1990 to November 30, 2001

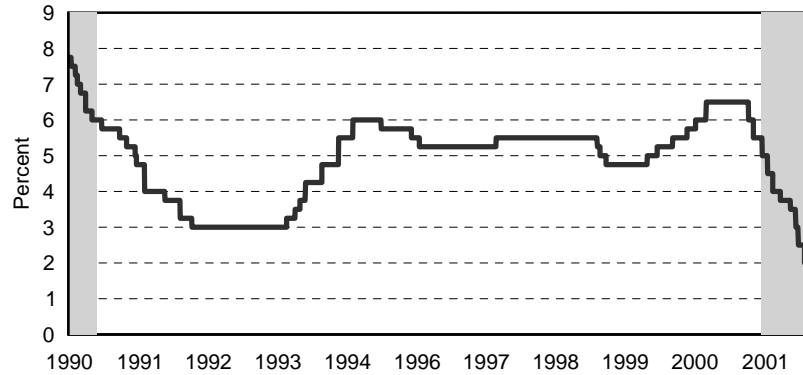


Chart 2.18

Consumer Confidence

January 1978 to November 2001

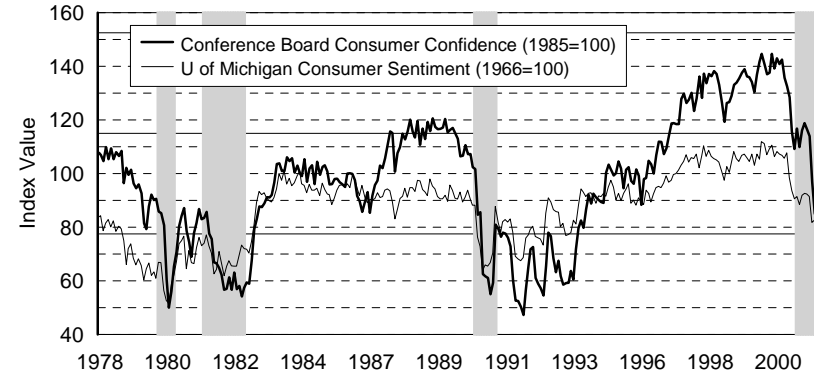
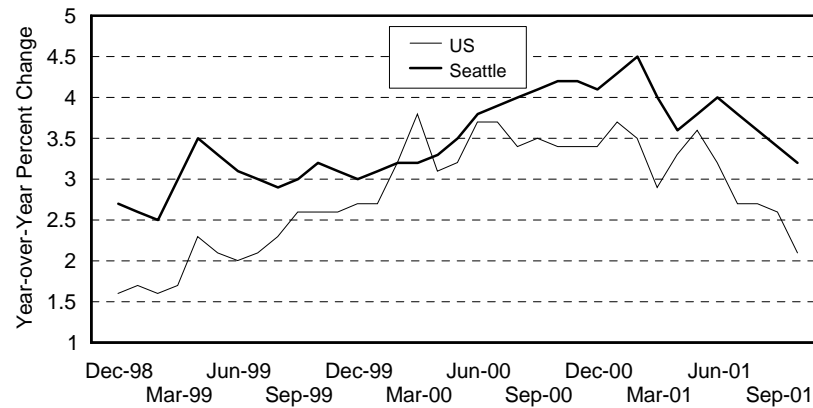


Chart 2.19

Seattle vs U.S. CPI (All Urban Consumers)

December 1998 to October 2001



* Shaded areas correspond with U.S. business cycle contractions as defined by the National Bureau of Economic Analysis.

Table 2.1

Washington Business Indicators

Historical Data

	Washington Index of Leading Indicators	U.S. Index of Leading Indicators	Seattle Index of Help-Wanted Advertising	U.S. Index of Help-Wanted Advertising	Washington Purchasing Management Index	U.S. Purchasing Management Index
1999:10	105.6	109.2	161	86	66.0	56.9
1999:11	105.1	109.7	162	85	57.8	57.2
1999:12	105.3	110.3	162	86	58.0	57.6
2000:1	105.1	110.6	160	89	55.5	56.2
2000:2	104.4	110.2	161	90	59.5	56.4
2000:3	104.5	110.4	158	88	59.8	55.3
2000:4	104.4	110.4	157	89	64.8	54.7
2000:5	103.5	110.2	148	82	66.5	53.1
2000:6	103.3	110.1	136	80	57.2	52.1
2000:7	102.5	109.8	137	82	52.7	51.7
2000:8	102.2	109.7	130	77	65.9	49.9
2000:9	102.2	109.8	130	78	56.4	49.6
2000:10	101.5	109.4	130	78	55.1	48.3
2000:11	100.7	109.1	115	75	57.9	47.9
2000:12	99.4	108.7	88	79	55.0	44.3
2001:1	99.9	109.0	95	76	44.7	41.2
2001:2	98.9	108.9	93	71	46.5	41.9
2001:3	98.8	108.7	89	67	49.6	43.1
2001:4	98.3	108.7	88	65	50.1	43.2
2001:5	98.0	109.3	86	60	49.0	42.1
2001:6	98.4	109.5	84	58	46.8	44.7
2001:7	98.0	109.8	82	58	44.9	43.6
2001:8	98.5	109.7	82	53	46.4	47.9
2001:9	97.7	109.2	78	52	37.9	47.0
2001:10	96.9	109.4	71	46	43.3	39.8

Washington State Revenue Forecast Summary

Introduction

The Economic and Revenue Forecast Council reduced its General Fund-State revenue (GFS) forecast for the 2001-03 biennium by \$813.1 million on November 20, 2001. This is the largest quarterly revision to the forecast of GFS revenue since the Council was created in 1984. Most of the change, \$779.1 million reflects a considerably weaker economy. The passage of Initiatives 747 and 773 reduced the forecast for the 2001-03 biennium by an additional \$34.0 million. The November 2001 forecast was the first to incorporate the impact of the tragedy of September 11th. While the economy had been slowing well before the terrorist attacks on September 11th, the attacks and their aftermath clearly worsened the economic situation. Prior to the November forecast, economic growth was expected to be weak, but the economy was expected to avoid a recession. The November forecast assumes that this is no longer possible. In addition to a mild U.S. recession, the forecast now expects large job losses in the state's aerospace industry. There has been a significant reduction in air travel in the wake of the terrorist attacks on September 11th and many domestic airlines are facing huge financial losses. As a result current orders for aircraft have been cancelled or postponed and the prospect for new orders in the near future has been greatly diminished. In response, Boeing has announced plans for huge cuts in employment. The combination of a national recession and a significant decline in aircraft production and employment is expected to produce the worst economy in the state since the recession of the early 1980's and the weakest GFS revenue growth since the 1981-83 biennium.

The November 2001 General Fund-State revenue forecast now expects \$21,208.7 million in the 2001-03 biennium. This is \$53.3 million, 0.3 percent, less than what was collected the 1999-01 biennium. This decline reflects tax law changes (e.g. Initiatives 728, 747 and 773) as well as a weaker economy.

Table 3.1 Cash Basis

Revision to the General Fund-State Forecast

November 2001

(Millions of dollars)

	Fiscal 2002	Fiscal 2003	2001-03 Biennium
Forecast Change	(\$290.7)	(\$488.4)	(\$779.1)
Initiatives 747 & 773 ¹	(\$9.1)	(\$24.9)	(\$34.0)
Total Change*	(\$299.8)	(\$513.3)	(\$813.1)

¹ GFS impact of Initiatives 747 and 773 passed by the voters in November 2001.

*Detail may not add to totals due to rounding

The reduction to the GFS forecast in November results in less revenue and reserves than appropriations for the 2001-03 biennium. Based on the November 2001 forecast, the 2001-03 biennium is projected to have a cash deficit of \$746.9 million by the end of the biennium. This is based on the current biennial appropriations level of \$22,783.2 million, the November GFS revenue forecast of \$21,208.7 and a beginning balance of \$599 million. This likely understates the budget problem because it does not include the additional expenditures expected to be needed in the 2001-03 biennium to fund higher than expected caseloads. The projected GFS cash deficit for June 30, 2003 is well above the \$384.3 million positive balance currently projected for the Emergency Reserve Fund for the 2001-03 biennium.

Background and Assumptions

The Washington State GFS revenue forecast is prepared quarterly in conjunction with the state economic forecast for the Economic and Revenue Forecast Council. The Economic and Revenue Forecast Council was created by Chapter 138, Laws of 1984, to provide an objective revenue forecast for both executive and legislative branches of state government. The Council consists of six members, two appointed by the Governor and two appointed by the Legislature from each caucus of the Senate and House of Representatives. Current members of the Economic and Revenue Forecast Council are listed inside the front cover of this publication. The GFS revenue forecast is updated four times per year: March (February in even-numbered years), June, September, and November. Each state agency engaged in revenue collection is responsible for forecasting the revenue it collects or administers. The staff of the Economic and Revenue Forecast Council is responsible for the preparation of the state economic forecast and the revenue forecast of the Department of Revenue's GFS sources. The staff is also responsible for review and coordination of the revenue forecasts of agencies that collect relatively large amounts of GFS revenue. These are the Department of Licensing, the Office of the Insurance Commissioner, the State Treasurer, the Liquor Control Board and the Office of Financial Management. The Office of Financial Management is responsible for summarizing the forecasts of all other state agencies that collect relatively smaller amounts of GFS revenue.

For each quarterly update, the staff of the Economic and Revenue Forecast Council, under direction of the Executive Director, reviews (and if warranted, modifies) a national economic forecast prepared by DRI-WEFA. A state economic forecast is then prepared using an econometric model that links Washington's economy to the national economy. The DRI-WEFA national forecast is the primary driver for the state economic forecast. After review by the Governor's Council of Economic Advisors, the economic forecast is used to prepare a baseline forecast of GFS revenue. Agencies and the staff of the Forecast Council use the economic forecast, in conjunction with revenue models, to prepare a GFS revenue forecast. The revenue forecasts for most major General Fund sources are prepared using econometric models which link the tax base of major General Fund taxes to the national and state economic forecast. A baseline revenue forecast, along with at least two alternative forecasts, is prepared for all GFS sources and presented to the Forecast Council for approval. Once the Council approves the forecast, it becomes the official forecast of GFS revenue. An outline of the forecast process, including a summary of the November baseline forecast for the 2001-03 biennium (cash basis) is shown in Table 3.2.

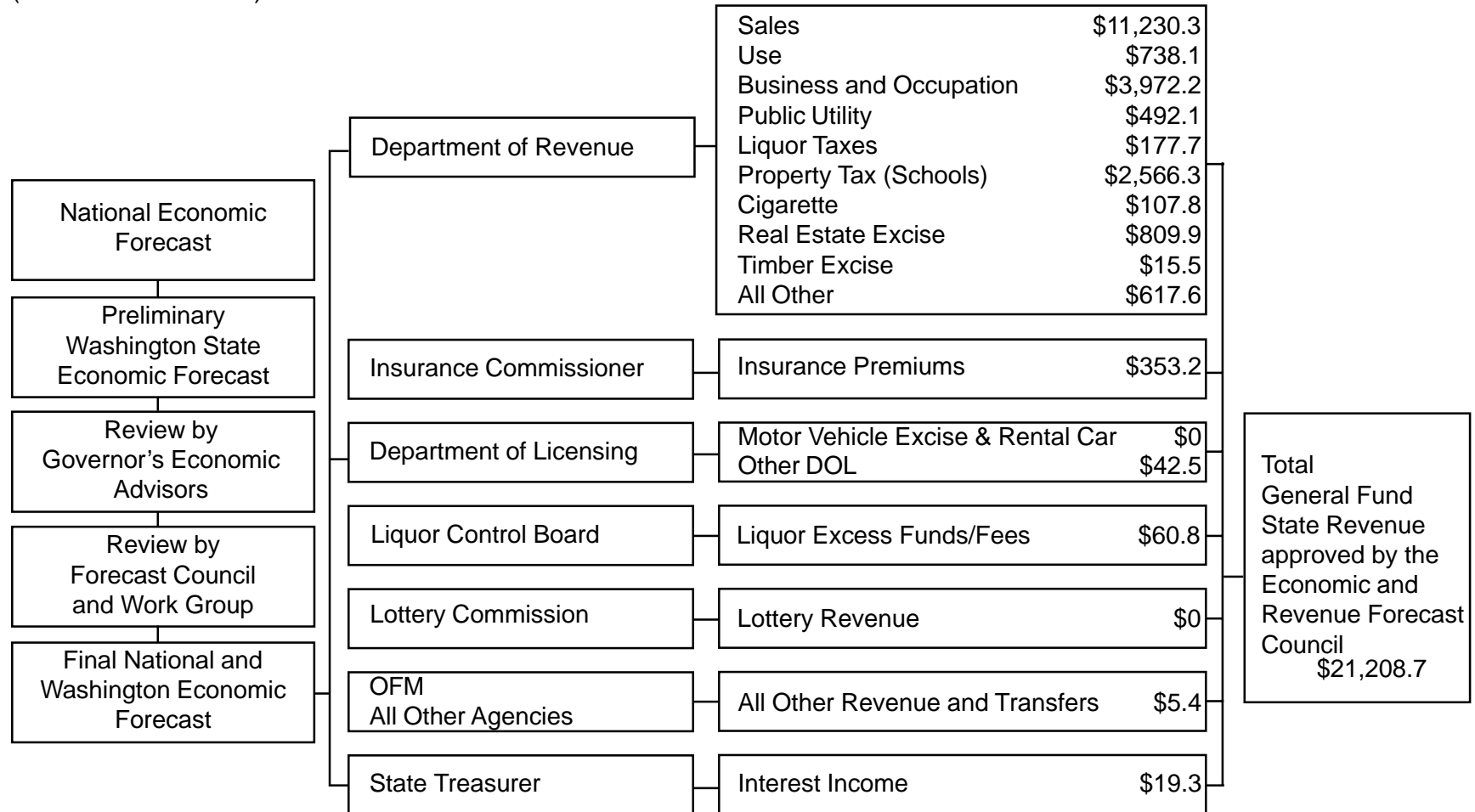
November 2001 Forecast Assumptions

1. The November 2001 GFS revenue forecast is based in part on the economic forecast for the U.S. and the Washington state economies presented in Chapter 1 of this publication. The economic outlook for the state is in part based on the November 2001 DRI-WEFA Control Forecast for the U.S, released November 2, 2001.
2. The November 2001 GFS forecast is based on current law and administrative practices. The November forecast includes the impact of two initiatives approved by the voters in the November 6, 2001 general election. Initiative 747 limits the growth of the property tax to 1 percent per year and initiative 773 increases the cigarette and tobacco product taxes to fund health care. Together, these initiatives reduce GFS revenue for the 2001-03 biennium by \$34.0 million. Table 3.12 provides a summary of the GFS impact of these initiatives on revenue for the 2001-03 biennium.
3. Under provisions of Initiative 728 lottery revenue are dedicated to a newly created Student Achievement Account and to the School Construction Account. Prior to Initiative 728, lottery revenue went to the General Fund. Although no longer part of the General Fund or the GFS revenue forecast, the lottery forecast will continue to be monitored by the Forecast Council. Part II of Table 3.18 shows lottery sales and distributions by fund.
4. There are several legal challenges to various aspects of the state's tax laws or administration. Most of these challenges are in litigation and either have not yet been ruled on by the courts or are on appeal. Any impact on GFS receipts will not be incorporated into the forecast until the issue has been completely resolved.
5. Revenue from higher education tuition and fees was removed from the General Fund in July 1992. Since 1992, revenues from tuition and fees have been placed into the operating fund of each individual college or university. Because of this change, there is a large discontinuity in the time series of GFS revenue beginning with the 1991-93 biennium. Tuition and fees are included in only one year of the 1991-93 biennium's GFS revenue total and are excluded from total GFS revenue after fiscal year 1993.
6. There have been several legislative and other non-economic changes affecting actual receipts for the last few biennia as well as the forecast for the 2001-03 biennium. Receipts for the 1997-99 biennium were reduced by \$549 million by legislation enacted during the 1996, 1997 and 1998 legislative sessions. New legislation and other non-economic changes (e.g. referendum 49) reduced GFS revenue for the 1999-01 biennium by \$568 million. As of November 2001, legislation and other non-economic changes have reduced the forecast of GFS revenue for the 2001-03 biennium by \$511 million.

Recent Collection Experience

Revenue collections in the two months since the September forecast were \$67.1 million less than expected. Revenue Act taxes (retail sales, business and occupation, use, public utility, and tobacco products taxes), Washington's major excise taxes, accounted for \$58.9 million (nearly 90 percent) of the \$67.1 million shortfall. Other major GFS taxes collected by the Department of Revenue were \$8.1 million less than expected since September while GFS receipts collected by the Department of Licensing were \$0.1 million higher than expected in the last two months. Table 3.3 summarizes collection experience since the September forecast.

Table 3.2
Economic and Revenue Forecast Flow Chart*
 General Fund-State
 2001-03 Biennium
 (Amounts in millions)



* Cash Basis

Less than expected tax payments in the last two months is due to both the disruption following the attacks on the World Trade Center and the Pentagon on September 11th and the underlying weakness of the economy that was present prior to September 11th. Business activity slowed significantly and in some cases stopped completely in the days following the tragedy of September 11th. Some of the disruption was of a one-time nature and some was likely on going. Air travel ground to a halt as airports were closed for several days after the attacks. Some stores and shopping malls closed as people chose to watch events unfold on TV rather than shop. While some of the foregone shopping may have been recouped later in the month, the loss of jobs and confidence due to the tragedy may be more enduring and more of a problem for the economy.

Revenue Act collections in the October 11 – November 10, 2001 collection period which primarily reflects September 2001 business activity were 8.3 percent below the year-ago-level (7.0 percent after adjusting for an administrative change). This is the largest decline since the recession of the early 1980's. Revenue Act collections declined 1.4 percent the prior month and have been below the year-ago level three of the past five months. Thus revenue growth was clearly weakening well before the events of September 11th due to a slowing economy. Nationally, the economy lost more than 250,000 jobs between March 2001 and August 2001. In September, the economy lost an additional 213,000 jobs (some before and some after September 11th). The tragedy of September 11th clearly accelerated the pace of reductions, with the economy shedding 415,000 jobs in October, the largest monthly decline in employment since 1980. At the state level, wage and salary employment declined in the second quarter of 2001 for the first time since 1993. State employment continued to decline in the third quarter, and with the announcement of large job cuts by Boeing, job losses are expected to continue. The trend in revenue growth is likewise one of deceleration. For the third quarter as a whole Revenue Act receipts were 2.4 percent below the year-ago level. Tax payments increased only 1.3 percent in the second quarter and 2.7 percent in the first quarter. In contrast, Revenue Act taxes increased 5.4 percent in the last quarter of 2000.

Examination of preliminary tax payment data of the state's largest taxpayers for the most recent monthly collection period (October 11 to November 10) showed a significant decline in nearly all

Table 3.3

Collection Variance, September 11 - November 10, 2001

Based on the September 2001 Forecast

(Millions of dollars)

<u>Agency/Source</u>	<u>Collection Variance*</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act ¹	(\$58.9)	-4.1%
Non Revenue Act ²	(\$8.1)	-4.6%
Subtotal	(\$67.1)	-4.1%
Department of Licensing ²	(\$0.1)	-5.3%
Total**	(\$67.1)	-4.1%

¹ Revenue Act taxes consists of retail sales, business and occupation, use, public utility and tobacco products taxes as well as penalty and interest receipts. The variance is based on collections September 11, 2001 through November 10, 2001.

² Variance based on September 2001 and October 2001 collections.

Major Non-Revenue Act sources include: state property tax levy, real estate excise tax and estate tax.

* Collection variance: actual tax payments compared to monthly estimates based on the September 2001 forecast.

** Detail may not add to total due to rounding.

sectors of the economy. Double-digit declines were reported by the construction, wholesale trade, finance, insurance and real estate and the hotel/motel sectors. Preliminary data indicate that tax payments by hotels and motels were nearly 23 percent less than a year-ago, the largest decline of any 2-digit Standard Industrial Classification (SIC) category. Much of this decline is likely directly due to the events of September 11th and their aftermath. The retail trade sector, which accounts for about half of all tax payments, reported a 3.3 percent decline. Within retailing, auto dealers reported a 7.3 drop in tax payments and furniture and appliance retailers reported a decline of 8.4 percent. Only two retailing sectors reported an increase in payments: food stores (up 2.7 percent) and building materials/hardware stores (up 5.4 percent). Data based on October activity is not yet available, however, national retail sales surged in October. This suggests that we may see a rebound in next months tax payments.

Real estate activity based on real estate excise tax data slowed in September. September activity, which are based on real estate closings in September and real estate excise tax payments to the state in October, was 3.2 percent lower than a year ago. This is the first monthly decline since May. Since closings in September likely reflect sales both in September and prior to September, it is difficult to know how much of this weakness is related to the tragedy of September 11th. Low mortgage rates have enabled real estate activity to grow modestly in most areas of the state. Activity for the first nine months of the year is modestly higher, up 3.1 percent. A notable exception is King County. Taxable real estate excise activity in King County was down 7.1 percent for the month and is down 7.2 percent for the year. The loss of many high-tech jobs and income and the prospect of additional job losses including large cuts at Boeing have contributed to a decline in taxable real estate activity. The decline is due to a drop in average values, with the number of transactions slightly above a year-ago for the year-to-date. Excluding King County, taxable real estate activity in the state was down only 0.1 percent for the month and is up 11.8 percent for the year-to-date.

General Fund-State taxes collected by the Department of Licensing (primarily revenue from licenses and fees) were very close to the September forecast during the last two months. During the two-month period since the September forecast, Department of Licensing General Fund collections were 8.9 percent above the year-ago level and just \$81,000 less than expected.

The General Fund-State Forecast for the 2001-03 Biennium

The November 2001 outlook for the 2001-03 biennium has significantly changed. Prior forecasts, including the September 2001 forecast, had expected economic and revenue growth to slow and remain weak in the 2001-03 biennium, but the economy had been expected to avoid a recession. The November 2001 forecast assumes that a U.S. recession is unavoidable. Although the recession is expected to be mild, with a peak-to-trough decline in real GDP of 1.0 percent, less than both the 2.2 percent historical average and the 1.5 percent decline in real GDP experienced in the 1991 recession, this assumption is a significant departure from the forecast made just two months ago. Washington's economy is expected to fare far worse than the national economy. The events of September 11th greatly lowered the outlook for air travel and thus airline profitability. This has resulted in the cancellation of a large number of aircraft orders and has reduced the prospects for any upturn in orders for aircraft in the near future. As a result Boeing is cutting production and employment significantly. The combination of a U.S. recession and Boeing job cuts results in a significantly weaker state economy. The state is expected to experience its first recession since the

early 1980's and economic growth will be by far, the weakest since the 1981-83 biennium. Wage and salary employment, which increased 4.3 percent in the 1999-01 biennium, is expected to decline 0.2 percent in the 2001-03 biennium. Similarly, real personal income is expected to grow only 1.8 percent in the 2001-03 biennium after having increased 8.9 percent in the 1999-01 period. The weak economy translates directly into less General Fund-State revenue. The forecast of GFS revenue for the 2001-03 biennium is now expected to total \$21,208.7 million. This is \$53.3 million, 0.3 percent, less than collected in the 1999-01 biennium. Although GFS revenue in the 2001-03 biennium has been significantly reduced due to various tax law changes, including the passage of Initiative 728, as well as initiatives 747 and 773, much of the weakness in GFS revenue growth is due to the weak economy. Revenue growth in the 2001-03 biennium after adjusting for the impact of major tax law changes is only 2.1 percent higher than the 1999-01 biennium. Inflation adjusted growth of the retail sales adjusted tax base is projected to decline 0.4 percent for the biennium. This is the first decline since the 9.1 percent drop in the 1981-83 biennium. It grew 8.3 percent in the 1999-01 biennium. Similarly, inflation adjusted growth of the business and occupation adjusted tax base is projected to decline 1.3 percent, also the worst showing since the 1981-83 biennium.

Washington has no personal or corporate income tax. Three taxes: sales and use, business and occupation and the property tax (state school levy), comprise the majority of Washington's total GFS revenue. These three taxes accounted for more than 83 percent of the \$19.6 billion total GFS cash receipts in the 1997-99 biennium. This percentage rose to 85.2 percent of total GFS revenue in the 1999-01 biennium and is expected to rise to 87.3 percent in the 2001-03 biennium. The jump in the 1999-01 biennium was primarily due to the removal of motor vehicle excise tax revenue from the General Fund as a result of Referendum 49. The jump in the 2001-03 biennium is primarily due to a change in the disposition of lottery proceeds. Prior to the 2001-03 biennium, the majority of Lottery proceeds were deposited into the General Fund. Due to Initiative 728, beginning in fiscal 2002, most lottery proceeds will be deposited in the Student Achievement Account and the School Construction Account instead of the General Fund. The state's reli-

Table 3.4 General Fund-State Collections* (Millions of dollars)				Cash Basis
<u>Biennium</u>	<u>Current Dollars</u>	<u>Percent Change</u>	<u>1996 Chained Dollars</u>	<u>Percent Change</u>
1961-63	\$817.1		\$3,362.6	
1963-65	866.2	6.0%	3,478.7	3.5%
1965-67	1,128.6	30.3%	4,357.5	25.3%
1967-69	1,440.5	27.6%	5,200.4	19.3%
1969-71	1,732.7	20.3%	6,188.5	19.0%
1971-73	1,922.1	10.9%	6,345.8	2.5%
1973-75	2,372.4	23.4%	6,772.5	6.7%
1975-77	3,395.0	43.1%	8,445.1	24.7%
1977-79	4,490.0	32.3%	9,785.8	15.9%
1979-81	5,356.4	19.3%	9,716.5	-0.7%
1981-83	6,801.4	27.0%	10,729.6	10.4%
1983-85	8,202.4	20.6%	11,952.7	11.4%
1985-87	9,574.6	16.7%	13,127.7	9.8%
1987-89	10,934.1	14.2%	13,919.4	6.0%
1989-91	13,309.0	21.7%	15,561.1	11.8%
1991-93	14,862.2	11.7%	16,237.3	4.3%
1993-95	16,564.6	11.5%	17,296.8	6.5%
1995-97	17,637.7	6.5%	17,638.8	2.0%
1997-99	19,620.1	11.2%	19,028.2	7.9%
1999-01	21,261.9	8.4%	19,791.4	4.0%
2001-03 ^F	21,208.7	-0.3%	19,043.4	-3.8%

^F November 2001 Forecast

* Total General Fund-State collections-cash receipts basis. Includes rate, base and administrative changes. Modified cash basis: 1985-87 and prior; pure cash basis: 1987-89 and after. Changes among biennia may not be comparable because the collection totals shown here include the impact of rate, base and administrative changes.

Sources: Dept. of Revenue and the Office of Financial Management.
The Office of the Forecast Council's November 2001 Forecast.

ance on sales, business and occupation, and property taxes has increased over time, rising from 80 percent in the 1991-93 biennium and from 75 percent twenty years ago. The retail sales and use tax, the state's largest revenue source generated \$11.7 billion, 55.0 percent of total GFS revenue in the 1999-01 biennium. Sales and use taxes are expected to produce \$12.0 billion, 56.4 percent of total GFS revenue in the 2001-03 biennium. The business and occupation tax totaled \$3.8 billion in the 1999-01 biennium, 17.8 percent of total GFS revenue. This tax is expected to produce \$4.0 billion, 18.7 percent of the total in the 2001-03 biennium. The state share of the property tax totaled \$2.7 billion, 12.5 percent of total GFS revenue in the 1999-01 biennium. It is forecast to produce \$2.6 billion in the 2001-03 biennium, 12.1 percent of total GFS revenue. The reduction in the property tax share of total GFS receipts reflects the impact of I-728, which transfers a portion of the state levy from the General Fund to the Student Achievement Account.

Taxable sales (sales subject to the 6.5 percent state retail sales tax) totaled \$21.2 billion in the second quarter of 2001. This was 0.2 percent below the year-ago level. Other than a 0.1 percent decline in the first quarter of 1995, taxable sales had not declined on a year-over-year basis since the recession of the early 1980's. The growth of taxable sales has been decelerating. After peaking at 10.0 percent in the first quarter of calendar 2000, growth slowed to 3.9 percent in the fourth quarter of 2000, and to 1.8 percent in the first quarter of 2001 before the declining in the second quarter.

A look at the growth of taxable sales in the second quarter of 2001 by sector shows the retail trade sector, which accounts for about half of all taxable sales, was virtually the same as a year ago, after declining 0.6 percent in the first quarter. As was the case last quarter, taxable sales reported by the auto, furniture and appliance as well as the building materials and hardware sectors were below the year-ago level in the second quarter. General merchandise retailers reported only a 0.4 percent increase in the second quarter after increasing 6.5 percent last quarter. Food stores reported a 2.8 percent increase in the second quarter, the largest increase among retailers. Overall, taxable sales reported by non-re-

Table 3.5

Taxable Retail Sales*

November 2001 Forecast

(Millions of Dollars)

Fiscal Year	Amount	Percent Change
1974	11,877	
1975	13,380	12.7%
1976	15,493	15.8%
1977	17,626	13.8%
1978	21,121	19.8%
1979	22,309	5.6%
1980	24,057	7.8%
1981	25,197	4.7%
1982	26,097	3.6%
1983	29,368	12.5%
1984	29,156	-0.7%
1985	30,687	5.3%
1986	32,158	4.8%
1987	34,647	7.7%
1988	37,452	8.1%
1989	41,429	10.6%
1990	47,183	13.9%
1991	49,812	5.6%
1992	53,189	6.8%
1993	55,319	4.0%
1994	59,009	6.7%
1995	61,927	4.9%
1996	62,817	1.4%
1997	66,748	6.3%
1998	72,059	8.0%
1999	77,197	7.1%
2000	83,385	8.0%
2001	85,618	2.7%
2002 ^F	85,051	-0.7%
2003 ^F	88,563	4.1%

^F Forecast.

* Actual Base. Includes statutory and administrative changes to the tax base. Historical fiscal year data are from quarterly taxable sales reported by taxpayers on the state's Combined Excise tax return. Major base changes include: exemption of off-premises food, beginning 1978:3 (fiscal 1979); extension of the sales tax base to off premises food (1982:2 to 1983:2); food again exempt 1983:3 (fiscal 1984). Base extended to some personal services effective July 1994. Exemption of manufacturing equipment effective fiscal 1996. Additional sales tax exemptions (including an exemption for R&D equipment) effective fiscal 1997. Changes in reporting, effective 1997. Additional exemptions effective fiscal 1999, 2000, 2001 and 2002.

Chart 3.1
General Fund-State Revenue

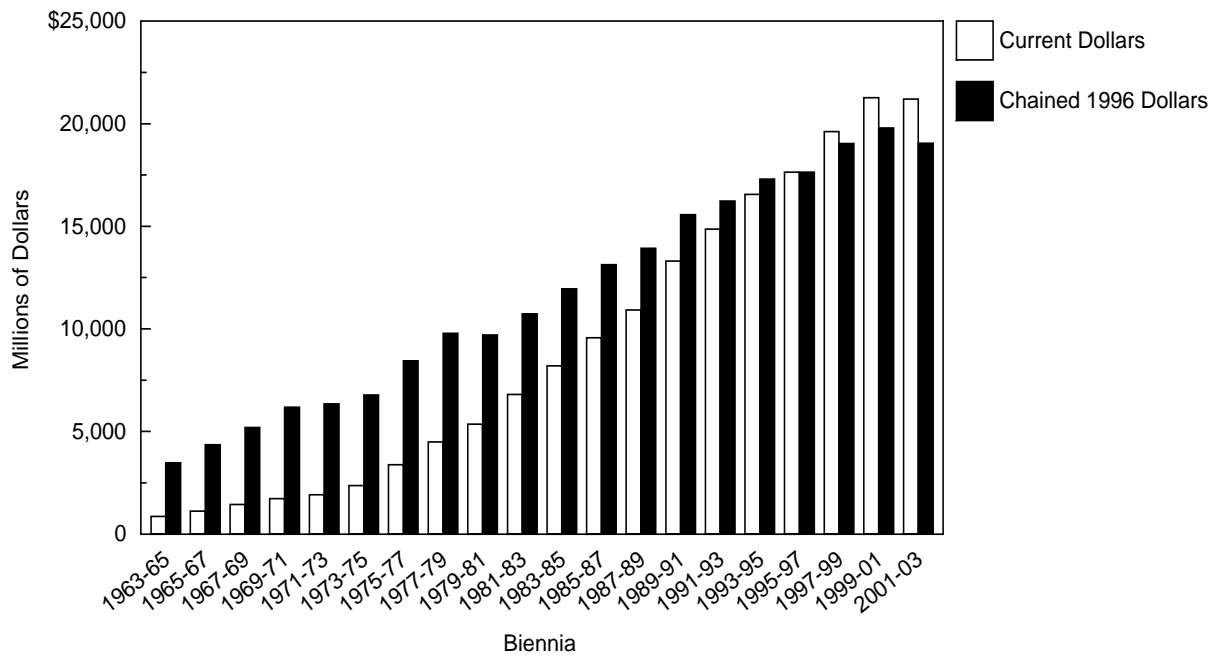


Chart 3.2
General Fund-State Revenue - Percent Change

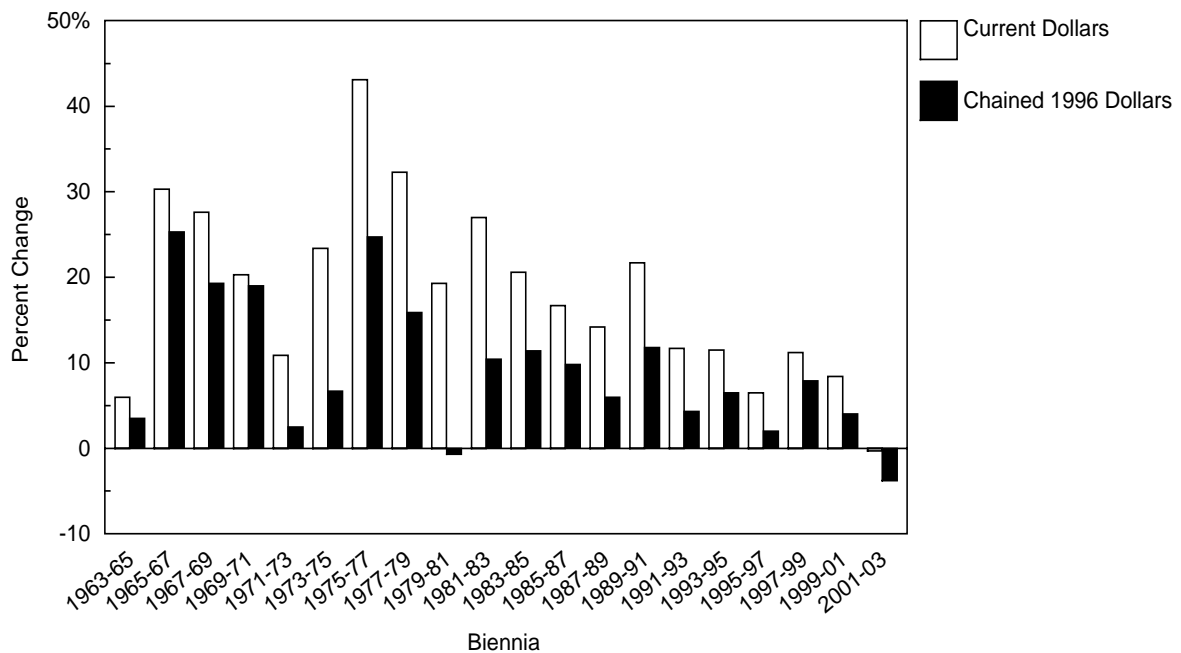


Chart 3.3
Composition of General Fund-State Revenue

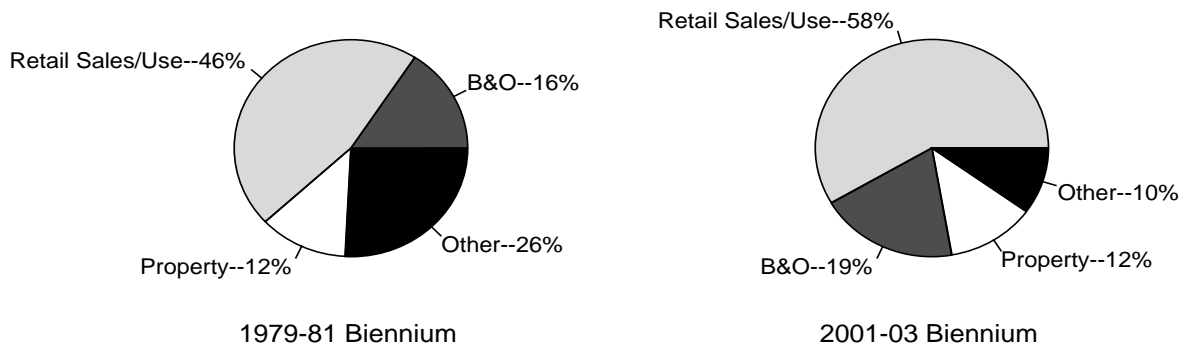
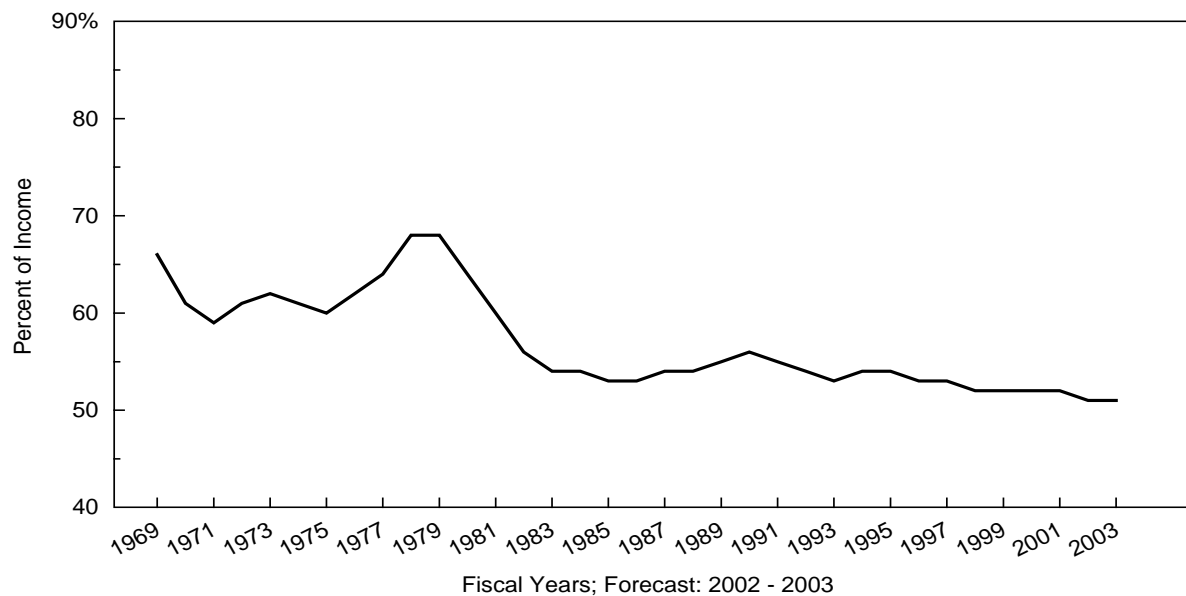


Chart 3.4
Taxable Sales* as a Percent of Personal Income



* Adjusted Base

tailing sectors declined 0.5 percent. The year-over-year change varied widely among sectors. The contract construction sector which accounts about 15 percent of all taxable sales, reported a 3.3 percent decline in the second quarter, after reporting a 6.7 percent increase last quarter. Taxable sales reported by the service sector were 2.9 percent above the year-ago level in the second quarter of 2001, after increasing 4.4 percent in the first quarter. Taxable sales reported by the manufacturing sector were down 0.2 percent in the second quarter and the finance, insurance and real estate sector reported a 0.6 percent increase. Taxable sales reported by the transportation, communications and utility sector increased 1.7 percent. Taxable sales reported by wholesalers declined 6.2 percent in the second quarter. This is the third consecutive quarterly decline reported by this sector.

Taxable sales in the state's three largest counties (King, Snohomish and Pierce) were 2.5 percent lower than a year ago in the second quarter of 2001. Taxable sales increased 3.5 percent in the rest of the state. Taxable sales declined 3.8 percent in King County and 0.8 percent in Snohomish County. Taxable sales growth remained above the statewide average in Pierce County, increasing 1.8 percent. Taxable sales in Spokane County increased 0.6 percent. Eastern Washington counties as a whole reported taxable sales growth of 4.5 percent in the second quarter compared to a 1.2 percent decline west of the Cascades. Taxable sales were down 1.3 percent in metropolitan counties in the second quarter while increasing 7.4 percent in non-metropolitan counties.

At the national level, retail sales (and food services) were up 3.9 percent in the second quarter of 2001 on a year-over-year basis, after increasing only 2.2 percent in the first quarter. Nationally, retail sales were 2.0 percent above the year-ago level in the third quarter of 2001 despite dropping 2.1 percent in September. Preliminary data indicate that Washington's third quarter taxable sales growth is considerably less. The November forecast assumes that Washington's taxable sales declined 2.8 percent on a year-over year basis in the third quarter of 2001.

A weakening economy reduced taxable sales growth in fiscal 2001 to 2.7 percent. This was a little less than was expected in September (2.8 percent) but was significantly below the 8.0 percent increase in fiscal 2000. The slowdown in fiscal 2001 was rather abrupt, primarily occurring in the last two quarters. It confirms slower economic growth in the state. Slower economic growth is expected to continue. Indeed, with the U.S. in recession and the state expected to lose more than 20,000 aerospace jobs, the economic slowdown is expected to get worse before it gets better. The November forecast expects taxable sales to decline 0.7 percent in fiscal 2002. Taxable sales are expected to rebound in fiscal 2003, increasing 4.1 percent.

Forecast Change for the 2001-03 Biennium

The November 2001 outlook for GFS revenue for the 2001-03 biennium is \$813.1 million lower than in September. The reduction to the forecast is due to a much weaker economic outlook. The passage of Initiatives 747 and 773 in the November 2001 general election also contributed to the lower forecast. The combination of a national recession and a loss of more than 20,000 aerospace jobs lowered the GFS forecast for the 2001-03 biennium by \$779.1 million. This reduction includes \$67.1 million less than expected receipts in the two months since the September forecast and a \$712.0 million reduction for the remainder of the biennium. The forecast change includes a relatively large, \$73.4 million, reduction to the forecast for GFS interest earnings. This is due to a combination of a lower interest rate forecast and expectations of a significant drop in the average daily balance available for the State Treasurer to invest. The passage of Initiative 747 and 773 reduce GFS revenue for the 2001-03 biennium by \$34.0 million. In addition to the revision to the GFS forecast for the 2001-03 biennium, total GFS cash receipts for the 1999-01 biennium was revised upward by \$0.6 million.

Table 3.6 summarizes the changes to the November 2001 cash forecast for the 2001-03 biennium by type of change. Tables 3.7 and 3.8 summarize revisions to actual GFS revenue for the 1999-01 biennium by agency and source of revenue. Table 3.7 is on a cash basis and Table 3.8 is on a GAAP basis. Table 3.9 and 3.10 summarize the revisions to the GFS revenue forecast for the 2001-03 biennium by agency and source. Table 3.9 is on a cash basis and Table 3.10 is on a GAAP basis. Table 3.11 provides a fiscal year forecast by major revenue source (cash basis). Table 3.12 provides a summary of the impact of Initiatives 747 and 773 on GFS revenue for the 2001-03 biennium. Below is a brief summary of changes to the forecast by agency.

Department of Revenue

The Department of Revenue collects and administers the majority of GFS revenue, accounting for nearly 98 percent of the total for the 2001-03 biennium. The November 2001 forecast of GFS revenue sources administered and collected by the Department of Revenue is \$732.1 million lower than in September. Most of the change, \$698.0 million, is due to the much weaker economic outlook, and includes \$67.1 of losses already realized due to weaker than expected collections in the two months since the September forecast. In addition to the reductions due to a weaker economy, the passage of initiatives 747 and 773 reduce GFS revenue, primarily the state portion of the property tax and the GFS portion of the cigarette and tobacco products tax, by a total of \$34.0 million.

The much weaker economic outlook lowered the forecast for most of the Department of Revenue major sources for the 2001-03 biennium. The November retail sales forecast is \$416.7 million lower than in September and the business and occupation tax forecast is \$116.9 million less. Other large reductions include: a \$52.9 million reduction to the real estate excise tax forecast, a \$49.4 million reduction to the forecast of the state portion of the property tax, a \$21.9 million reduction to the cigarette tax forecast and a \$21.9 million reduction to the public utility tax forecast. Most of these changes are directly due to reductions to the economic forecast which in turn, are due to the expectations of a U.S. recession and large job cuts in the state's aircraft manufacturing sector. The property tax reduction is comprised of a \$25.0 million loss due the passage of Initiative 747 and a \$24.4 million reduction due to a lower inflation forecast as well as less new construction. The \$21.9 million reduction to the cigarette tax forecast includes a \$14.3 million reduction due to passage of Initiative 773 and a \$7.6 million reduction due to a lower population forecast.

Department of Licensing

The majority of General Fund-State revenue collected by the Department of Licensing is from a variety of professional licenses as well as boat excise tax and registration. Prior to its elimination, the motor vehicle excise tax was the primary General Fund-State revenue source reported by the department. The Department's General Fund-State forecast for the 2001-03 biennium has been increased \$1.5 million to \$42.5 million due mainly to a forecasted increase in boat excise tax and registration fees.

The Office of Financial Management (Other Agencies)

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, and the State

Table 3.6

Summary of Changes to the General Fund-State Forecast

November 2001 Cash Forecast

(Millions of dollars)

2001-03 Biennium		November 2001
		<u>Change</u>
<i>Collection Experience</i>		(\$67.1)
Department of Revenue		
Major Excise ¹	(58.9)	
Other ²	(8.1)	
Department of Licensing ²	(0.1)	
<i>Voter approved Initiatives</i>		(\$34.0)
I - 747	(25.0)	
I - 773	(9.1)	
<i>Forecast Change for the 2001-03 Biennium</i>		(\$712.0)
Department of Revenue	(631.0)	
All other	(81.0)	
<u>Total Change: 2001-03 Biennium*</u>		(\$813.1)

¹ Variance based on collections from September 11- November 10, 2001; retail sales, B&O, use & public utility taxes.² Variance based on collections in September and October 2001.

* Detail may not add due to rounding

Table 3.7

Comparison of the General Fund-State Forecast by Agency
1999-01 Biennium; Cash Basis
(Millions of dollars)

Forecast by Agency	September 2001 Forecast¹	Non- Economic Changes	Revision	November 2001 Forecast²	Total Change
<i>Department of Revenue</i>					
Retail Sales	\$10,903.4		\$0.0	\$10,903.4	\$0.0
Business & Occupation Use	3,772.9		0.0	3,772.9	0.0
Public Utility	779.5		0.0	779.5	0.0
Liquor Sales/Liter	495.3		0.0	495.3	0.0
Cigarette	170.4		0.0	170.4	0.0
Property (State Levy)	137.9		0.0	137.9	0.0
Real Estate Excise	2,652.0		0.0	2,652.0	0.0
Timber Excise	801.6		0.0	801.6	0.0
Other	35.3		0.0	35.3	0.0
Subtotal	675.6		0.0	675.6	0.0
	20,423.9		0.0	20,423.9	0.0
<i>Department of Licensing</i>					
Boat excise, licenses & fees	42.6		(0.0)	42.6	(0.0)
<i>Insurance Commissioner</i>					
Insurance Premiums	354.2		0.0	354.2	0.0
<i>Liquor Control Board</i>					
Liquor Profits and Fees	54.6		0.0	54.6	0.0
Beer & Wine Surtax	3.2		0.0	3.2	0.0
<i>Lottery Commission</i>					
Lottery Revenue	203.3		0.0	203.3	0.0
<i>State Treasurer</i>					
Interest Earnings	148.3		0.0	148.3	0.0
<i>Office of Financial Management</i>					
Other	31.2		0.6	31.8	0.6
<u>Total General Fund-State *</u>	\$21,261.4	\$0.0	\$0.6	\$21,261.9	\$0.6

¹ The General Fund State Revenue Forecast adopted by the Economic and Revenue Forecast Council in September 2001.

² Revised GFS total for the 1999-01 biennium.

* Detail may not add to totals due to rounding.

Table 3.8

**Comparison of the General Fund-State Forecast by Agency
1999-2001 Biennium; GAAP Basis**

(Millions of dollars)

Forecast by Agency	September 2001 Forecast¹	Non- Economic Changes	Forecast Revision	November 2001 Forecast²	Total Change
<i>Department of Revenue</i>					
Retail Sales	\$10,896.4	\$0.0	\$0.0	\$10,896.4	\$0.0
Business & Occupation Use	3,779.5	0.0	0.0	3,779.5	0.0
Public Utility	788.5	0.0	0.0	788.5	0.0
Liquor Sales/Liter	501.5	0.0	0.0	501.5	0.0
Cigarette	171.4	0.0	0.0	171.4	0.0
Property (State Levy)	137.4	0.0	0.0	137.4	0.0
Real Estate Excise	2,655.0	0.0	0.0	2,655.0	0.0
Timber Excise	802.5	0.0	0.0	802.5	0.0
Other	35.3	0.0	0.0	35.3	0.0
Subtotal	671.3	0.0	0.7	672.0	0.7
	20,438.7	0.0	0.7	20,439.4	0.7
<i>Department of Licensing</i>					
Boat excise, licenses & fees	42.4	0.0	(0.0)	42.4	(0.0)
<i>Insurance Commissioner</i>					
Insurance Premiums	354.3	0.0	0.0	354.3	0.0
<i>Liquor Control Board</i>					
Liquor Profits and Fees	54.6	0.0	0.0	54.6	0.0
Beer & Wine Surtax	3.2	0.0	0.0	3.2	0.0
<i>Lottery Commission</i>					
Lottery Revenue	212.6	0.0	0.0	212.6	0.0
<i>State Treasurer</i>					
Interest Earnings	148.1	0.0	0.0	148.1	0.0
<i>Office of Financial Management</i>					
Other	31.1	0.0	1.5	32.6	1.5
<u>Total General Fund-State *</u>	<u>\$21,285.2</u>	<u>\$0.0</u>	<u>\$2.3</u>	<u>\$21,287.4</u>	<u>\$2.3</u>

1 The General Fund State Revenue Forecast adopted by the Economic and Revenue Forecast Council in September 2001.

2 Revised GFS total for the 1999-01 biennium.

* Detail may not add to totals due to rounding

Table 3.9
Comparison of the General Fund-State Forecast by Agency
2001-2003 Biennium; Cash Basis
(Millions of Dollars)

Forecast by Agency	September 2001 Forecast¹	Non- Economic Changes²	Forecast Revision	November 2001 Forecast	Total Change
<i>Department of Revenue</i>					
Retail Sales	\$11,647.0	\$8.6	(\$425.3)	\$11,230.3	(\$416.7)
Business & Occupation	4,089.2	0.7	(117.6)	3,972.2	(116.9)
Use	746.4	0.0	(8.3)	738.1	(8.3)
Public Utility	514.0	0.0	(21.9)	492.1	(21.9)
Liquor Sales/Liter	179.7	0.0	(2.0)	177.7	(2.0)
Cigarette	129.6	(14.3)	(7.6)	107.8	(21.9)
Property (State Levy)*	2,615.7	(25.0)	(24.4)	2,566.3	(49.4)
Real Estate Excise	862.7	0.0	(52.9)	809.9	(52.9)
Timber Excise	14.6	0.0	0.9	15.5	0.9
Other	660.5	(4.1)	(38.9)	617.6	(43.0)
Subtotal	21,459.4	(34.0)	(698.0)	20,727.3	(732.1)
<i>Department of Licensing</i>					
Boat excise, licenses & fees	41.0	0.0	1.5	42.5	1.5
<i>Insurance Commissioner</i>					
Insurance Premiums	353.2	0.0	0.0	353.2	0.0
<i>Liquor Control Board</i>					
Liquor Profits and Fees	62.6	0.0	(5.1)	57.5	(5.1)
Beer & Wine Surtax	3.4	0.0	(0.0)	3.3	(0.0)
<i>Lottery Commission</i>					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
<i>State Treasurer</i>					
Interest Earnings	92.7	0.0	(73.4)	19.3	(73.4)
<i>Office of Financial Management</i>					
Other	9.5	0.0	(4.0)	5.4	(4.0)
<u>Total General Fund-State **</u>	\$22,021.8	(\$34.0)	(\$779.1)	\$21,208.7	(\$813.1)

1 Forecast for the 2001-03 biennium adopted September 2001.

2 GFS impact of I-747 and I-773.

* The state levy forecast reflects only the General Fund portion. The portion of the state levy transferred to the Student Achievement Account per Initiative 728 is not included.

** Detail may not add to totals due to rounding.

Table 3.10

Comparison of the General Fund-State Forecast by Agency
2001-2003 Biennium; GAAP Basis
(Millions of dollars)

Forecast by Agency	September 2001 Forecast¹	Non- Economic Changes²	Forecast Revision	November 2001 Forecast	Total Change
Department of Revenue					
Retail Sales	\$11,693.0	\$8.6	(\$425.4)	\$11,276.2	(\$416.8)
Business & Occupation Use	4,110.8	0.7	(117.7)	3,993.8	(117.0)
Public Utility	745.8	0.0	(8.3)	737.5	(8.3)
Liquor Sales/Liter	515.4	0.0	(21.9)	493.5	(21.9)
Cigarette	180.1	0.0	(2.2)	177.9	(2.2)
Property (State Levy)*	130.2	(14.3)	(7.6)	108.3	(21.9)
Real Estate Excise	2,619.8	(25.0)	(33.2)	2,561.6	(58.2)
Timber Excise	866.9	0.0	(52.8)	814.0	(52.8)
Other	14.6	0.0	0.9	15.5	0.9
Subtotal	661.2	(4.1)	(39.6)	617.6	(43.7)
	21,537.8	(34.0)	(707.7)	20,796.1	(741.7)
Department of Licensing					
Boat excise, licenses & fees	41.6	0.0	1.6	43.1	1.6
Insurance Commissioner					
Insurance Premiums	353.2	0.0	0.0	353.2	0.0
Liquor Control Board					
Liquor Profits and Fees	62.6	0.0	(5.1)	57.5	(5.1)
Beer & Wine Surtax	3.4	0.0	(0.0)	3.3	(0.0)
Lottery Commission					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
State Treasurer					
Interest Earnings	91.1	0.0	(77.6)	13.6	(77.6)
Office of Financial Management					
Other	11.0	0.0	(3.4)	7.6	(3.4)
Total General Fund-State**	\$22,100.6	(\$34.0)	(\$792.2)	\$21,274.4	(\$826.3)

¹ Forecast for the 2001-03 biennium adopted September 2001.

² GFS impact of I-747 and I-773.

* The state levy forecast reflects only the General Fund portion. The portion of the state levy that is transferred to the Student Achievement Account by Initiative 728 is excluded.

** Detail may not add to totals due to rounding.

Table 3.11

November 2001 General Fund-State Forecast**1999-01 & 2001-03 Biennia; Cash Basis**

(Millions of dollars)

Forecast by Source	Fiscal 1999^A	Fiscal 2000^A	Fiscal 2001^A	1999-01 Biennium	Fiscal 2002	Fiscal 2003	2001-2003 Biennium
State Taxes							
Retail sales	\$4,947.5	\$5,400.4	\$5,503.1	\$10,903.4	\$5,503.0	\$5,727.2	\$11,230.3
Business & occupation	1,786.8	1,811.3	1,961.6	3,772.9	1,948.5	2,023.8	3,972.2
Use	335.8	379.7	399.8	779.5	368.7	369.4	738.1
Public Utility	212.6	236.2	259.1	495.3	244.3	247.8	492.1
Liquor sales/liter	79.6	83.2	87.2	170.4	88.4	89.3	177.7
Beer & wine surtax	1.6	1.6	1.6	3.2	1.7	1.7	3.3
Cigarette	71.1	69.7	68.2	137.9	58.1	49.7	107.8
Tobacco products	14.6	16.4	16.7	33.1	15.7	14.7	30.4
Property (state school levy)***	1,248.6	1,302.0	1,349.9	2,652.0	1,262.0	1,304.3	2,566.3
Public utility district	26.9	29.1	29.9	59.0	30.9	32.0	63.0
Real estate excise	394.6	401.1	400.4	801.6	396.9	412.9	809.9
Timber excise	18.8	20.2	15.2	35.3	9.3	6.2	15.5
Estate/inheritance	69.6	82.7	107.1	189.8	90.1	75.5	165.5
Motor Veh. Exc. & Rental Car**	135.3	0.0	0.0	0.0	0.0	0.0	0.0
Boat excise	10.2	11.2	11.4	22.6	11.8	11.8	23.7
Insurance premiums	158.3	174.6	179.5	354.2	174.4	178.8	353.2
Other	138.4	136.0	136.5	272.5	92.6	100.0	192.5
Total Taxes	9,650.3	10,155.5	10,527.3	20,682.7	10,296.3	10,645.1	20,941.4
State Non-Tax Sources							
Licenses, permits, fees	76.5	85.0	75.5	160.5	76.5	79.4	156.0
Liquor profits & fees	24.0	25.5	29.1	54.6	28.1	29.5	57.5
Earnings on investments	73.0	71.2	77.1	148.3	23.9	(4.6)	19.3
Lottery transfers	107.5	93.3	110.0	203.3	0.0	0.0	0.0
Other revenue & transfers	47.9	2.6	9.8	12.4	3.1	31.4	34.4
Total Non-Tax	328.9	277.7	301.5	579.2	131.6	135.6	267.3
Total General Fund-State *	\$9,979.2	\$10,433.2	\$10,828.8	\$21,261.9	\$10,427.9	\$10,780.7	\$21,208.7

A Actual

* Detail may not add to totals due to rounding.

** Includes General Fund-State share of the rental car tax. Referendum 49 removes the MVET and the rental car tax from the General Fund effective July 1999.

*** General Fund portion only. Property tax in fiscal 2002 and fiscal 2003 is after transfer to the Student Achievement Account.

Table 3.12**Impact of Initiatives* on the GFS Forecast****November 2001****Millions of Dollars**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>2001-03 Biennium</u>
Impact of I-747	(\$6.4)	(\$18.6)	(\$25.0)
Impact of I-773	(2.7)	(6.3)	(9.1)
Total	(\$9.1)	(\$24.9)	(\$34.0)

*Initiatives approved by voters in the November 2001 general election (General Fund -State impact only).

Treasurer. The office's forecast for the 2001-03 biennium has been decreased by \$4.0 million due mainly to a forecasted \$3.2 million transfer to the water quality account to replace tax revenue lost under initiative 773.

State Treasurer

The forecast and actual experience of the Office of the State Treasurer is based primarily on rate conditions and average daily balances for the funds within the Treasurer's control. The office's forecasted General Fund-State revenues for the 2001-03 biennium were decreased \$73.4 million. This reduction is due to the combination of lower forecasted interest rates and a steep reduction in the forecasted average daily balance of the General Fund-State due to a lower overall revenue forecast and other factors.

Insurance Commissioner

The forecast for the Office of the Insurance Commissioner is based on projections for premium volume of insurance companies in the State of Washington. Expectations are based on both insurance rate changes and the growth of premium volume. The office's General Fund-State forecast for the 2001-03 biennium was unchanged.

Liquor Control Board

The Liquor Control Board forecasts revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. The agency's forecast for the 2001-03 biennium was decreased by \$5.1 million due mainly to a lowered forecast of profits from state-run liquor stores.

Track Record for the 1999-01 Biennium

A revision to fiscal 2001 increases total General Fund-State cash receipts for the 1999-01 biennium to \$21,261.9 million. This is \$0.6 million more than reported in September 2001. Actual GFS revenue for the 1999-01 biennium is \$359 million, 1.7 percent, higher than the February 1998 forecast, which was the initial forecast for the 1999-01 biennium. The total change to the 1999-01 forecast over the last three and a half years is relatively small only because tax law changes (reductions) have offset additions to the forecast due to a strong economy. Excluding tax law changes, actual cash receipts for the 1999-01 biennium are \$927 million (4.4 percent) above the February 1998 forecast. The forecast for the 1999-01 biennium has been updated fourteen times since the initial forecast in February 1998. There have been ten increases to the forecast for the 1999-01 biennium and four reductions. Table 3.13 summarizes the quarterly updates to the GFS forecast for the 1999-01 biennium.

Track Record for the 2001-03 Biennium

The November 2001 GFS cash receipts forecast for the 2001-03 biennium is \$21,208.7 million. This is \$813.1 million less than the September 2001 forecast. The November forecast is \$1.3 billion below the February 2000 forecast, which was the initial forecast for the biennium. However, some of this reduction reflects non-economic changes. Excluding the impact of non-economic factors, primarily the impact of Initiative 728, the November forecast is \$814 million (3.6 percent) lower than the February 2000 forecast. There have been seven revisions to the forecast for the

Table 3.13

Cash Basis

Track Record for the 1999-01 General Fund-State Cash Forecast

February 1998 through November 2001

(Millions of dollars)

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies*</u>	<u>Subtotal*</u>	<u>Legislation**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
February 1998****	\$19,656	\$1,246				\$20,902
Changes to Forecast						
June 1998	13	13	26	(65) ¹	(39)	20,864
September 1998	(181)	(13)	(195)	0	(195)	20,669
November 1998	(13)	(6)	(19)	(471) ²	(490)	20,179
March 1999	65	36	100	(7) ³	94	20,273
June 1999	172	(2)	170	(23) ⁴	147	20,419
September 1999	88	5	93	0	93	20,512
November 1999	186	4	191	25 ⁵	215	20,727
February 2000	142	4	146	(30) ⁶	115	20,843
June 2000	243	(10)	233	(3) ⁷	230	21,073
September 2000	56	(6)	51	7 ⁸	57	21,130
November 2000	36	13	49	(10) ⁹	39	21,169
March 2001	115	19	134	10 ¹⁰	143	21,312
June 2001	(32)	5	(27)	(0)	(27)	21,285
September 2001	(30)	6	(24)	0	(24)	21,261
November 2001	0	1	1	0	1	21,262
Total Change***						
From February 1998	\$859	\$68	\$928	(\$568)	\$360	
Percent change	4.4%	5.5%	4.4%	-2.7%	1.7%	

* Excludes legislative, judicial, statutorily required or other major non-economic changes.

** Includes legislative, judicial, statutorily required or other major non-economic changes.

*** Detail may not add to total due to rounding.

**** First official forecast for the 1999-01 biennium.

1 Change to the forecast due to 1998 legislation. (Excluding the impact of referendum 49 and SHB 3015).

Major changes include: repeal of the B&O tax on internal distribution, consolidation/reduction of B&O tax rates, and a tax credit for firms engaged in international investment services.

2 Change to the forecast due to passage of Referendum 49.

3 Change to the forecast due to impact of SHB 3015 (2nd Narrows Bridge).

4 Change to the forecast due 1999 tax legislation (-\$25.1 million), budget driven revenue (\$29.9 million) and a statutorily required transfer to the Water Quality Account (-\$26.8 million).

5 Change to the GFS forecast due to passage of Initiative 695; this is the net impact of rental car tax going to the General Fund and the loss of camper/travel trailer excise tax revenue.

6 Due to legal uncertainties concerning the disposition of the rental car tax and legal considerations implying that most or all of the rental car distributions may not have been intended for deposit in the General Fund after passage of I-695, these revenues are not presently included in the General Fund-State forecast. In addition the ride-share credit was eliminated as of January 1, 2000; this was not previously included in the forecast.

7 The impact of 2000 legislation. Note the impact of the Telepage court case (extending the sales tax to paging services) is included as a Department of Revenue forecast change.

8 Revised impact of the salmon recovery timber tax credit.

9 Impact of Initiative 722 on General Fund-State revenue.

10 Adjustment to the impact of Initiative 722 on General Fund-State revenue.

Table 3.14

Track Record for the 2001-03 General Fund-State Cash Forecast

February 2000 through September 2001

(Millions of dollars)

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies*</u>	<u>Subtotal*</u>	<u>Legislation**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
February 2000****	\$21,728	\$805				\$22,534
Changes to Forecast						
June 2000	99	(25)	74	(3) ¹	71	22,604
September 2000	158	(1)	157	5 ²	162	22,766
November 2000	32	12	43	(482) ³	(439)	22,327
March 2001	(126)	2	(124)	12 ⁴	(112)	22,216
June 2001	(61)	(29)	(89)	(27) ⁵	(116)	22,099
September 2001	(101)	6	(96)	18 ⁶	(77)	22,022
November 2001	(698)	(81)	(779)	(34) ⁷	(813)	21,209
Total Change***						
From February 2000	(\$698)	(\$116)	(\$814)	(\$511)	(\$1,325)	
Percent change	-3.2%	-14.4%	-3.6%	-2.3%	-5.9%	

* Excludes legislative, judicial, statutorily required or other major non-economic changes.

** Includes legislative, judicial, statutorily required or other major non-economic changes.

*** Detail may not add to total due to rounding.

**** First official forecast for the 2001-03 biennium.

1 Impact of 2000 legislation. Note the impact of the Telepage court case (extending the sales tax to paging services). This impact is included as a Department of Revenue forecast change.

2 Revised impact of the salmon recovery timber tax credit.

3 Impact of Initiatives 722 and 728. The estimate of initiative 728 is based on OFM analysis, subject to continuing review.

4 Adjustment to the impact of Initiatives 722 and 728.

5 Impact of 2001 legislation (regular session) and the phase-out of the Federal estate tax.

6 Impact of 2001 legislation (special session).

7 Impact of I-747 and I-773 on GFS revenue.

Table 3.15

November 2001 Baseline Forecast by Agency**Comparison of Cash and GAAP Basis**

(Millions of dollars)

Agency	1997-99 Biennium			1999-01 Biennium			2001-03 Biennium		
	Cash Basis ¹	GAAP Basis ²	Diff.	Cash Basis ¹	GAAP Basis ²	Diff.	Cash Basis ¹	GAAP Basis ²	Diff.
General Fund - State Cash/Revenue Sources									
Department of Revenue ³	\$18,317.2	\$18,394.5	\$77.3	\$20,342.3	\$20,355.3	\$12.9	\$20,668.2	\$20,736.9	\$68.7
Department of Licensing	365.7	364.8	(0.9)	42.6	42.4	(0.2)	42.5	43.1	0.6
Insurance Commissioner ⁴	317.2	317.2	0.0	360.4	360.5	0.1	359.8	359.8	0.0
State Treasurer	148.9	148.2	(0.6)	148.3	148.1	(0.2)	19.3	13.6	(5.8)
Office of Financial Management									
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Agencies	165.8	169.5	3.7	175.0	175.1	0.0	167.8	169.7	2.0
Subtotal: General Fund-State Cash/Revenue*	19,314.8	19,394.3	79.5	21,068.6	21,081.4	12.8	21,257.6	21,323.2	65.6
General Fund State - Other Financing Sources⁵									
Department of Revenue ⁶	72.1	80.2	8.0	81.6	84.2	2.6	59.2	59.2	0.0
Lottery Commission	222.0	218.8	(3.3)	203.3	212.6	9.3	0.0	0.0	0.0
Insurance Commissioner ⁷	(5.0)	(5.0)	0.0	(6.2)	(6.2)	0.0	(6.7)	(6.7)	0.0
Liquor Control Board	54.4	54.4	0.0	57.9	57.9	0.0	60.9	60.9	0.0
Office of Financial Management									
Other Agencies ⁸	(38.3)	(39.7)	(1.5)	(143.2)	(142.4)	0.8	(162.3)	(162.2)	0.2
Subtotal: GFS Other Financing Sources	305.3	308.6	3.3	193.3	206.0	12.7	(49.0)	(48.8)	0.2
Total Available Receipts/Resources									
General Fund-State *	\$19,620.1	\$19,702.9	\$82.8	\$21,261.9	\$21,287.4	\$25.5	\$21,208.7	\$21,274.4	\$65.7

* Detail may not add due to rounding.

1 General Fund-State cash receipts forecast.

2 General Fund-State Revenue Forecast on a GAAP (Generally accepted accounting principles) basis, used to show the state revenue position for financial reporting purposes.

3 Excludes the state share of the timber tax and unclaimed property transfers.

4 Total insurance premiums tax.

5 Other financing sources represent transfers to/from other funds from/to the General Fund.

6 Includes the state share of the timber excise tax and unclaimed property transfers.

7 Forty percent of fire insurance premiums.

8 Agency 701 and accounting sources: 480 and 481 for all other agencies.

Table 3.16

1999-01 and 2001-03 Balance Sheet**General Fund-State**

Dollars in Millions

	1999-01	2001-03
RESOURCES		
Beginning Fund Balance	\$462.0	\$599.7
September 2001 Revenue Forecast	21,261.4	22,021.8
November Forecast Update	0.6	(779.1)
I-747 Limits on Property Tax Increases	0.0	(25.0)
I-773 Tobacco Taxes for Low-Income Health and Other Programs	0.0	(9.1)
Current Revenue Totals	\$21,261.9	\$21,208.7
Changes in Reserves and Other adjustments	(1.0)	
Total Resources (Revenue/Fund Balance)	\$21,722.9	\$21,808.3
SPENDING LIMIT AND APPROPRIATIONS		
Biennial Appropriation	20,851.2	22,783.2
2001 Supplemental	194.5	
Spending Level	21,045.8	
Adjusted 601 Spending Limit	21,063.4	22,862.6
UNRESTRICTED GENERAL FUND RESERVES		
Unrestricted Balance	677.2	(974.9)
Money Transfers into General Fund	121.0	228.0
Transfer to Emergency Reserve Fund	(198.5)	0.0
	599.7	(746.9)
EMERGENCY RESERVE FUND		
Beginning Balance	535.7	461.9
New Deposit (Revenue > Limit)	198.5	0.0
Emergency Reserve Transfers to Transportation	(35.0)	(70.0)
Interest Earnings	61.8	17.3
Deposit to Education Construction	(240.8)	0.0
Earthquake/Drought	(58.3)	(25.0)
Emergency Reserve	461.9	384.3

2001-03 biennium since February 2000. There have been three increases to the forecast and four reductions including the reduction this quarter. The November 2001 forecast revision accounts for virtually all of the economic change to the forecast for the 2001-03 biennium since the initial forecast in February 2000. Table 3.14 summarizes the changes to the GFS forecast for the 2001-03 biennium since February 2000.

The Relationship Between the Cash and GAAP General Fund-State Revenue Forecasts

Legislation enacted in 1987 requires that the state's biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP). It also requires a GFS revenue forecast on both a cash and GAAP basis. There are thus two related but distinct GFS forecasts summarized in this chapter: a cash receipts forecast and a GAAP revenue forecast. The primary difference between the cash and GAAP forecasts is timing of the receipt of revenue. On a GAAP basis, revenues are credited to the biennium in which they are earned even though they may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is primarily used for financial reporting. The cash forecast is used for cash flow management, revenue tracking and is the forecast used in the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. References to the GFS forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, the revenue tables other than Tables 3.8 and 3.10 are on a cash basis.

Table 3.15 compares the cash receipts forecast and the GAAP revenue forecast by agency. GFS revenue for the 1997-99 biennium totaled \$19,702.9 million on a GAAP basis, \$82.8 million higher than the \$19,620.1 million cash receipts total. Revised data for the 1999-01 biennium shows that revenue for the 1999-01 biennium on a GAAP basis totaled \$21,287.4 million, \$25.5 million higher than the \$21,261.9 million on a cash basis. The GAAP forecast for the 2001-03 biennium is \$21,274.4 million, \$65.7 million more than the \$21,208.7 million cash forecast.

Table 3.16 presents the budgetary balance sheet for the 1999-01 and 2001-03 biennia. GFS unrestricted reserves as of June 30, 2001 totaled \$559.7 million. The preliminary Emergency Reserve Fund balance, which require a two-thirds of the legislature to appropriate, on June 30, 2001 totaled \$461.9 million. The \$813.1 million reduction to GFS revenue for the 2001-03 biennium in November results in a projected General Fund-State cash deficit for the 2001-03 biennium. Based on the November forecast for the 2001-03 biennium, budgeted appropriations (\$22,783.2 million) exceed projected revenue (\$21,208.7 million) and reserves (\$599.7 million) by \$746.9 million. This projected deficit does not reflect additional expenditures that will be required due to higher than expected caseloads in the 2001-03 biennium. The Emergency Reserve Fund Balance is expected to total \$384.3 million at the end of the 2001-03 biennium. The deficit will be addressed by the governor in a supplemental budget proposal to be released in December 2001 and by the legislature in the 2002 legislative session.

Alternative Forecast for the 2001-03 Biennium

The November 2001 baseline economic forecast assumes a recession. The recession is expected to be mild and short with a recovery expected next year. Despite its short duration, a U.S. recession when combined with large cutbacks in aerospace employment, is expected to produce the weakest economy in Washington state since the recession of the early 1980's. The economy could turn out to be better than assumed in the baseline or, despite the weak outlook, it could be worse.

In the optimistic scenario, the baseline assumptions turn out to be overly pessimistic. Consumer spending bounces back quicker than assumed in the baseline. Fiscal stimulus and monetary easing along with good news both at home and abroad on the war on terrorism add to consumer confidence and spending. Business investment also grows faster than expected due to stronger consumer demand, low interest rates, and tax incentives. In the optimistic scenario state personal income is 2.6 percent higher than the baseline by the end of fiscal year 2002 and is 3.8 percent higher by the end of the 2001-03 biennium. State wage and salary employment is 25,400 greater than the baseline by the end of fiscal 2002 and is nearly 45,000 higher by the last quarter of the 2001-03 biennium.

In the pessimistic scenario, the recession is deeper and longer than assumed in the baseline. Consumers turn out to be less confident and fiscal and monetary policy turn out to be less simulative than assumed in the baseline forecast. In this scenario, Washington State personal income is 2.7 percent below the baseline estimate at the end of fiscal year 2002 and 4.5 percent less than the baseline by the end of the 2001-03 biennium. Wage and salary employment is 30,200 lower than the baseline by the end of fiscal 2002 and 53,000 less by the second quarter of 2003.

Table 3.17 shows the revenue implications of these alternative scenarios for the 2001-03 biennium. The optimistic scenario generates \$21,837.8 million GFS revenue in the 2001-03 biennium. This is \$629.2 million more than the baseline forecast. The pessimistic alternative produces only \$20,513.6 million GFS revenue in the 2001-03 biennium, \$695.1 million less than the baseline forecast.

In addition to the official optimistic and pessimistic alternatives, we routinely prepare a third alternative forecast. This is developed by averaging the forecasts for several key economic variables made by members of the Governor's Council of Economic Advisors (GCEA). The November GCEA scenario was based on the forecasts of five members of the Governor's Council of Economic Advisors. The GCEA alternative was \$34.5 million lower than the baseline for the 2001-03 biennium.

Table 3.17

November 2001 Alternative Forecasts Compared to the Baseline Forecast
2001-03 Biennium
(Millions of dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
<i>Department of Revenue</i>			
Retail Sales	\$11,523.7	\$11,230.3	\$10,879.8
Business & Occupation Use	4,073.9	3,972.2	3,849.4
Public Utility	777.9	738.1	713.3
Property (school levy)	493.3	492.1	487.4
Real Estate Excise	2,669.2	2,566.3	2,476.3
Other	838.2	809.9	777.2
Subtotal	931.1	918.5	883.5
	21,307.2	20,727.3	20,066.8
<i>Department of Licensing</i>	43.8	42.5	41.2
<i>Insurance Commissioner¹</i>	362.0	353.2	344.3
<i>Lottery Commission</i>	0.0	0.0	0.0
<i>State Treasurer - Interest earnings</i>	49.3	19.3	2.2
<i>Liquor Profits & Fees²</i>	62.1	60.9	59.7
<i>Office of Financial Management</i>			
Other agencies	13.4	5.4	(0.7)
Total General Fund - State*	\$21,837.8	\$21,208.7	\$20,513.6
Difference from November 2001 Baseline	\$629.2		(\$695.1)

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

* Detail may not add to total due to rounding.

Table 3.18

Impact of Initiative 728 on the State Property Tax and Lottery Revenue

Millions of Dollars

I. Disposition of the State portion of the Property Tax

Fiscal Year	State Levy: Total Receipts	Disposition of Receipts from the State Levy	
		To the General Fund	To the Student Achievement Account ¹
1998	\$1,204.1	\$1,204.1	
1999	\$1,248.6	1,248.6	
1997-99 Biennium	2,452.8	2,452.8	
2000	\$1,302.0	1,302.0	
2001	\$1,349.9	1,349.9	
1999-01 Biennium	2,652.0	2,652.0	
2002	1,395.1	1,262.0	133.1
2003	1,438.1	1,304.3	133.8
2001-03 Biennium	2,833.2	2,566.3	266.9

II. Disposition of Lottery Distributions*

Fiscal Year	Lottery: Total Transfers:**	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account ¹	School Construction Account ¹
1996	\$104.8	\$103.3	\$1.5			
1997	101.2	98.1	3.1			
1999-01 Biennium	205.9	201.4	4.6			
1998	117.8	114.6	3.2			
1999	118.6	107.5	3.3	7.8		
1999-01 Biennium	236.3	222.0	6.5	7.8		
2000	101.1	93.3	3.4	4.4		
2001	120.1	110.0	3.6	6.5		
1999-01 Biennium	221.3	203.3	7.0	10.9		
2002	112.9	0.0	3.7	6.7	51.2	51.2
2003	112.7	0.0	3.9	7.0	76.4	25.5
2001-03 Biennium	225.7	0.0	7.6	13.8	127.6	76.7

* Cash Basis

** Total Transfers are equal to total sales less total expenses (prizes, cost of sales, administration etc.)

¹ Initiative 728 directs a portion of the state levy to the Student Achievement Account and lottery revenue to the Student Achievement Account and the School Construction Fund. Prior to Initiative 728 this revenue went into the General Fund.

Annual State Personal Income, 1970 to 2000

The tables that follow show the most recent revisions to Washington State personal income estimates for 1970 to 2000 as released by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) in September and October 2001.

The September estimates incorporate the annual revision of the National Income and Product Accounts (NIPAs) that was released on July 31, 2001, and newly available state source data that are more complete, more detailed, and otherwise more appropriate than those that were previously available. A more detailed explanation of revisions to the estimates of state personal income can be found in the August and October 2001 issues of *Survey of Current Business*, published by the Department of Commerce's Bureau of Economic Analysis and available at the department's website (www.bea.doc.gov).

The BEA has designed state and county estimates of personal income to be conceptually and statistically consistent with the national estimates of personal income. As part of the preparation of both state and county estimates, the national estimates are disaggregated to states and counties. County data is scheduled to be released in May 2002 and will be subsequently published in the Washington Economic and Revenue Forecast publication.

State per capita personal income estimates were not included in the BEA's September release as the Bureau of the Census had not yet released state population estimates consistent with both the 1990 and 2000 decennial censuses. In October, the Bureau of the Census announced that the final state estimates would not be released until March 2002. In response, the BEA produced interim state population estimates for use in its October report of state per capita personal income. These estimates will be revised when the final Census estimates are released.

Table 4.1 shows Washington historical personal income, personal tax and nontax payments, disposable personal income, population, per capita personal income, and per capita disposable personal income from 1970 to 2000. Tables 4.2 illustrates components of personal income by major source and earnings by industry, while Table 4.3 breaks down wage and salary disbursements by industry for the last five years (1996-2000).

Table 4.4 illustrates the impact of the most recent revisions of Washington annual personal income in 2000 versus the revision to total U.S. personal income. The column to the far right indicates the revision to each component as a percentage of total personal income. The revisions expressed in this manner sum to the percentage revision to total personal income.

As is shown in the table, the 2000 estimate of Washington personal income was revised downward by 0.9 percent, and that of the U.S. by 0.3 percent. Most of the downward revision in each case was the result of downward revision to income from dividends, interest, and rent. These revisions resulted from newly available IRS tabulations of 1998 and 1999 tax returns. The revisions to most of the other categories were relatively minor.

Table 4.5 shows per capita personal income by state for 1970, 1980, 1990, and 2000. Through the periods illustrated, Washington per capita income experienced the fastest growth in the northwest. Washington's 2000 per capita personal income of \$31,129 ranked 12th among the 50 states and the District of Columbia and was 5.7% higher than the national average of \$29,451.

Charts 4.1 through 4.12 illustrate the September 2001 revision of the components of personal income for the years 1998-2000. As was the case in 2000, most of the revision to the previous years' estimates was in the category of dividends, interest, and rent. These revisions contributed to downward revisions in both U.S. and Washington total personal income in 1999 and 2000, but to upward revisions in 1998.

Charts 4.13 and 4.14 compare the October releases of U.S. and Washington real per capita personal income for 1990-2000 to their most recent previously published values. Revisions to the years 1991-1997 are due solely to the revisions in population estimates for those years (values through 1990 are unchanged). As the revisions to population estimates were generally upward, per capita income estimates for these years were revised downward accordingly. Revisions to 1998 through 2000 reflect both revisions to population estimates and the income revisions illustrated in the previous charts. As shown in the charts, Washington real per capita personal income has led that of the U.S. throughout the last decade.

Table 4.1

Washington Personal Income

1970-2000

	Personal Income (Thousands of Dollars)	Personal Tax and Nontax Payments (Thousands of Dollars)	Disposable Personal Income (Thousands of Dollars)	Population (Number of Persons)	Per Capita Personal Income (Dollars)	Per Capita Disposable Personal Income (Dollars)
1970	14,371,688	1,541,965	12,829,723	3,417,362	4,205	3,754
1971	15,100,235	1,491,776	13,608,459	3,446,958	4,381	3,948
1972	16,306,905	1,771,899	14,535,006	3,446,815	4,731	4,217
1973	18,472,761	2,048,257	16,424,504	3,477,227	5,312	4,723
1974	20,999,333	2,310,492	18,688,841	3,547,877	5,919	5,268
1975	23,640,973	2,528,485	21,112,488	3,618,824	6,533	5,834
1976	26,502,328	2,888,601	23,613,727	3,690,561	7,181	6,398
1977	29,544,125	3,284,090	26,260,035	3,772,360	7,832	6,961
1978	34,536,163	4,134,803	30,401,360	3,886,191	8,887	7,823
1979	39,987,477	5,078,281	34,909,196	4,012,831	9,965	8,699
1980	45,337,963	5,686,691	39,651,272	4,154,678	10,913	9,544
1981	50,418,276	6,459,396	43,958,880	4,235,728	11,903	10,378
1982	53,161,335	5,955,333	47,206,002	4,276,551	12,431	11,038
1983	56,434,583	5,826,004	50,608,579	4,300,269	13,124	11,769
1984	60,901,243	6,042,649	54,858,594	4,343,657	14,021	12,630
1985	64,846,549	6,585,605	58,260,944	4,400,096	14,738	13,241
1986	69,114,046	6,913,900	62,200,146	4,452,724	15,522	13,969
1987	73,871,754	7,833,962	66,037,792	4,531,903	16,300	14,572
1988	80,130,195	8,241,863	71,888,332	4,639,894	17,270	15,494
1989	88,616,005	9,908,844	78,707,161	4,746,315	18,670	16,583
1990	98,143,118	11,099,389	87,043,729	4,900,780	20,026	17,761
1991	104,786,247	11,447,647	93,338,600	5,022,737	20,862	18,583
1992	112,633,619	12,212,805	100,420,814	5,158,081	21,836	19,469
1993	117,620,618	12,545,934	105,074,684	5,276,942	22,290	19,912
1994	123,337,471	13,620,447	109,717,024	5,374,564	22,948	20,414
1995	129,680,828	14,586,229	115,094,599	5,481,549	23,658	20,997
1996	139,327,838	16,784,920	122,542,918	5,571,532	25,007	21,994
1997	150,202,630	19,163,778	131,038,852	5,677,230	26,457	23,081
1998	163,291,135	22,677,777	140,613,358	5,772,731	28,287	24,358
1999	174,323,935	26,800,318	147,523,617	5,853,113	29,783	25,204
2000	184,280,313	29,178,180	155,102,133	5,919,807	31,129	26,201

Table 4.2

Washington Personal Income by Major Source and Earnings by Industry ¹

(Thousands of Dollars)

	1996	1997	1998	1999	2000
Income by Place of Residence					
Personal income	139,327,838	150,202,630	163,291,135	174,323,935	184,280,313
Nonfarm personal income	137,641,923	148,844,156	161,799,358	173,169,243	182,843,245
Farm income ²	1,685,915	1,358,474	1,491,777	1,154,692	1,437,068
Population (persons) ³	5,571,532	5,677,230	5,772,731	5,853,113	5,919,807
Per capita personal income (dollars) ⁴	25,007	26,457	28,287	29,783	31,129
Derivation of Total Personal Income					
Earnings by place of work	98,911,525	107,270,740	117,427,393	128,177,061	135,246,533
less: Personal contrb. for social insurance ⁵	6,069,842	6,637,503	7,213,725	7,908,699	8,225,461
plus: Adjustment for residence ⁶	1,474,374	1,644,481	1,792,606	2,114,694	2,332,012
equals: Net earnings by place of residence	94,316,057	102,277,718	112,006,274	122,383,056	129,353,084
plus: Dividends, interest, and rent ⁷	26,618,472	28,887,769	31,689,503	31,373,985	33,243,516
plus: Transfer payments	18,393,309	19,037,143	19,595,358	20,566,894	21,683,713
Earnings by Place of Work					
Wage and salary disbursements	77,309,687	85,392,503	94,321,587	103,832,765	109,665,392
Other labor income	10,014,626	10,187,022	10,548,870	10,997,520	11,330,715
Proprietors' income ⁸	11,587,212	11,691,215	12,556,936	13,346,776	14,250,426
Farm proprietors' income	877,295	467,214	571,526	122,854	427,995
Nonfarm proprietors' income	10,709,917	11,224,001	11,985,410	13,223,922	13,822,431
Earnings by Industry					
Farm earnings	1,685,915	1,358,474	1,491,777	1,154,692	1,437,068
Nonfarm earnings	97,225,610	105,912,266	115,935,616	127,022,369	133,809,465
Private earnings	77,637,051	85,461,112	94,813,370	105,188,725	110,805,078
Ag. services, forestry, fishing & other ⁹	938,482	1,062,491	1,230,407	1,420,879	1,456,684
Agricultural services	593,316	669,903	744,420	845,398	885,309
Forestry, fishing, and other ⁹	345,166	392,588	485,987	575,481	571,375
Forestry	(45,711)	18,383	126,114	167,654	178,520
Fishing	390,877	374,205	359,873	407,827	392,855
Other ⁹	0	0	0	0	0
Mining	190,557	209,718	197,212	223,114	249,452
Metal mining	(D)	35,815	26,024	27,414	24,771
Coal mining	(D)	54,355	(D)	(D)	53,574
Oil and gas extraction	10,668	12,842	(D)	(D)	13,047
Nonmetallic minerals, except fuels	99,814	106,706	112,016	135,616	158,060
Construction	6,378,260	6,919,373	7,535,877	8,514,384	9,114,797
General building contractors	1,781,080	1,923,366	2,084,986	2,335,887	2,492,635
Heavy construction contractors	887,564	941,926	985,746	1,068,076	1,030,171
Special trade contractors	3,709,616	4,054,081	4,465,145	5,110,421	5,591,991
Manufacturing	15,998,788	17,639,354	18,463,584	18,741,661	19,114,184
Durable goods	11,800,407	13,359,593	14,103,456	14,074,338	14,040,025
Lumber and wood products	1,531,977	1,588,253	1,566,435	1,695,503	1,681,195
Furniture and fixtures	132,693	146,648	159,252	167,238	178,568
Stone, clay, and glass products	351,111	375,045	379,729	369,138	390,421
Primary metal industries	574,669	574,724	602,782	579,762	578,565
Fabricated metal products	502,877	544,230	566,978	569,459	593,216
Industrial machinery and equipment	1,062,583	1,216,092	1,300,109	1,320,111	1,533,360
Electronic and other electric equipment	646,800	739,777	814,062	905,949	1,025,787
Motor vehicles and equipment	246,462	245,928	308,048	330,755	297,015
Other transportation equipment	5,749,944	6,837,430	7,133,496	6,847,255	6,422,606
Instruments and related products	717,706	785,870	944,800	891,718	933,256
Miscellaneous manufacturing industries	283,585	305,596	327,765	397,450	406,036
Ordnance ¹⁰	(N)	(N)	(N)	(N)	(N)

Table 4.2 (cont'd)

Washington Personal Income by Major Source and Earnings by Industry

(Thousands of Dollars)

	1996	1997	1998	1999	2000
Nondurable goods	4,198,381	4,279,761	4,360,128	4,667,323	5,074,159
Food and kindred products	1,360,778	1,389,531	1,370,214	1,417,383	1,452,376
Tobacco products	0	0	0	0	0
Textile mill products	37,645	39,133	42,583	41,943	43,530
Apparel and other textile products	173,575	197,026	191,051	183,086	180,177
Paper and allied products	886,281	872,482	883,901	891,190	893,450
Printing and publishing	901,054	912,047	917,820	989,092	1,034,975
Chemicals and allied products	403,411	418,974	472,917	623,821	934,643
Petroleum and coal products	146,346	141,391	148,627	158,666	168,860
Rubber and misc. plastics products	278,157	298,736	322,664	353,266	357,200
Leather and leather products	11,134	10,441	10,351	8,876	8,948
Transportation and public utilities	7,003,911	7,124,654	7,581,839	8,295,403	9,398,883
Railroad transportation	293,459	294,987	(D)	(D)	(D)
Trucking and warehousing	1,206,271	1,289,554	1,403,577	1,490,876	1,576,320
Water transportation	514,376	543,177	538,557	559,983	577,058
Other transportation	1,450,170	1,566,122	(D)	(D)	(D)
Local and interurban passenger transit	128,252	152,101	173,493	189,793	201,398
Transportation by air	905,531	947,908	1,046,656	1,148,942	1,244,138
Pipelines, except natural gas	5,987	6,345	(D)	(D)	(D)
Transportation services	410,400	459,768	485,340	520,490	592,789
Communications	2,591,502	2,182,060	2,404,666	2,798,598	3,514,920
Electric, gas, and sanitary services	948,133	1,248,754	1,222,609	1,278,048	1,391,695
Wholesale trade	6,109,975	6,421,781	7,064,873	7,396,897	7,932,872
Retail trade	9,097,514	9,819,916	10,461,373	11,521,043	12,632,905
Building materials and garden equipment	592,637	623,330	665,790	702,871	730,080
General merchandise stores	929,497	957,610	1,067,014	1,143,955	1,314,036
Food stores	1,620,587	1,800,679	1,743,853	1,785,951	1,877,449
Automotive dealers and service stations	1,496,994	1,619,495	1,680,686	1,819,480	1,925,301
Apparel and accessory stores	506,551	557,404	604,322	631,321	685,264
Home furniture and furnishings stores	549,667	606,102	673,830	744,663	821,764
Eating and drinking places	2,122,732	2,264,949	2,536,783	2,757,187	3,058,104
Miscellaneous retail	1,278,849	1,390,347	1,489,095	1,935,615	2,220,907
Finance, insurance, and real estate	6,011,116	6,898,705	7,787,696	8,381,556	8,792,805
Depository and nondepository institutions	1,696,939	1,819,907	2,213,567	2,278,664	2,290,372
Other finance, insurance, and real estate	4,314,177	5,078,798	5,574,129	6,102,892	6,502,433
Security and commodity brokers	622,597	715,124	840,173	1,006,937	1,179,872
Insurance carriers	1,197,382	1,327,701	1,466,148	1,451,200	1,513,804
Insurance agents, brokers, and services	729,737	773,468	832,044	872,717	902,295
Real estate	1,532,294	1,965,943	2,107,563	2,430,829	2,527,710
Combined real estate, insurance, etc. ¹¹	(N)	(N)	(N)	(N)	(N)
Holding and other investment offices	232,167	296,562	328,201	341,209	378,752
Services	25,908,448	29,365,120	34,490,509	40,693,788	42,112,496
Hotels and other lodging places	626,290	646,511	676,732	697,186	732,021
Personal services	768,573	827,226	861,624	903,856	956,996
Private households	175,082	177,007	(D)	(D)	(D)
Business services	6,797,894	9,331,662	12,806,203	17,492,199	17,212,912
Auto repair, services, and parking	808,658	883,173	979,114	1,044,680	1,100,558
Miscellaneous repair services	368,668	368,973	403,228	419,109	420,610
Amusement and recreation services	857,355	902,300	1,017,733	1,089,910	1,262,011
Motion pictures	182,494	178,887	177,204	179,837	187,875
Health services	7,600,238	7,914,188	8,377,231	8,869,877	9,273,725
Legal services	1,468,688	1,653,750	1,756,332	1,920,586	2,089,657

Table 4.2 (cont'd)

Washington Personal Income by Major Source and Earnings by Industry

(Thousands of Dollars)

	1996	1997	1998	1999	2000
Educational services	687,850	716,425	818,536	904,512	1,031,012
Social services	926,924	992,225	1,089,714	1,165,794	1,287,400
Museums, botanical, zoological gardens	21,803	25,650	(D)	(D)	(D)
Membership organizations	1,017,199	1,063,061	1,106,821	1,205,886	1,336,999
Engineering and management services	3,260,992	3,232,820	3,731,928	4,085,863	4,470,905
Miscellaneous services	339,740	451,262	452,380	490,675	498,329
Government and government enterprises	19,588,559	20,451,154	21,122,246	21,833,644	23,004,387
Federal, civilian	3,831,115	3,951,823	4,027,503	4,129,324	4,399,862
Military	2,791,162	2,879,157	2,757,775	2,796,877	2,932,398
State and local	12,966,282	13,620,174	14,336,968	14,907,443	15,672,127
State	4,232,477	4,422,024	4,602,878	4,873,369	5,167,776
Local	8,733,805	9,198,150	9,734,090	10,034,074	10,504,351

Table 4.3

Washington Wage and Salary Disbursements ¹

(Thousands of Dollars)

	1996	1997	1998	1999	2000
Wage and salary disbursements by place of	77,309,687	85,392,503	94,321,587	103,832,765	109,665,392
Farm wage and salary disbursements	774,354	849,194	876,136	984,076	961,397
Nonfarm wage and salary disbursements	76,535,333	84,543,309	93,445,451	102,848,689	108,703,995
Private wage and salary disbursements	60,935,339	68,328,102	76,602,263	85,240,292	90,008,109
Ag. services, forestry, fishing & other ⁹	683,018	741,666	775,249	893,282	921,210
Agricultural services	460,591	521,440	577,647	657,363	694,735
Forestry, fishing, and other ⁹	222,427	220,226	197,602	235,919	226,475
Forestry	53,138	54,273	50,679	68,694	76,998
Fishing	169,289	165,953	146,923	167,225	149,477
Other ⁹	0	0	0	0	0
Mining	142,767	157,867	146,126	147,443	168,543
Metal mining	(D)	(D)	25,481	26,147	24,308
Coal mining	(D)	(D)	(D)	(D)	34,428
Oil and gas extraction	1,479	3,766	(D)	(D)	1,233
Nonmetallic minerals, except fuels	80,266	87,624	89,359	89,428	108,574
Construction	4,314,616	4,895,965	5,319,886	6,032,671	6,526,388
General building contractors	1,167,674	1,336,075	1,461,330	1,639,613	1,767,302
Heavy construction contractors	786,777	861,049	896,460	972,888	939,683
Special trade contractors	2,360,165	2,698,841	2,962,096	3,420,170	3,819,403
Manufacturing	13,667,846	15,311,891	16,217,812	16,409,849	16,718,739
Durable goods	10,097,927	11,579,808	12,417,627	12,347,768	12,293,857
Lumber and wood products	(D)	(D)	1,259,406	1,348,132	1,316,718
Furniture and fixtures	106,178	111,174	133,254	138,976	148,846
Stone, clay, and glass products	295,088	319,896	329,123	317,434	336,522
Primary metal industries	494,006	508,556	535,445	514,062	512,988
Fabricated metal products	423,687	472,705	500,133	501,152	521,915
Industrial machinery and equipment	925,770	1,078,009	1,166,212	1,188,456	1,384,964
Electronic and other electric equipment	518,447	614,172	690,066	763,650	873,076
Motor vehicles and equipment	205,681	211,862	252,567	272,281	243,572
Other transportation equipment	(D)	(D)	6,396,203	6,135,158	5,741,342
Instruments and related products	642,077	713,762	867,736	818,582	856,909
Miscellaneous manufacturing industries	238,214	266,346	287,482	349,885	357,005
Ordnance ¹⁰	(N)	(N)	(N)	(N)	(N)
Nondurable goods	3,569,919	3,732,083	3,800,185	4,062,081	4,424,882
Food and kindred products	1,219,313	1,269,305	1,254,892	1,294,684	1,329,097
Tobacco products	0	0	0	0	0
Textile mill products	34,011	35,767	38,882	38,237	39,678
Apparel and other textile products	152,083	173,945	170,658	163,483	160,508
Paper and allied products	794,674	796,773	803,095	811,603	813,862
Printing and publishing	729,943	773,899	787,050	847,955	889,418
Chemicals and allied products	261,436	277,829	314,337	438,467	711,602
Petroleum and coal products	122,862	123,157	127,732	137,362	146,182
Rubber and misc. plastics products	245,982	271,735	294,011	322,222	326,362
Leather and leather products	9,615	9,673	9,528	8,068	8,173
Transportation and public utilities	4,618,227	5,250,750	5,613,434	6,152,733	7,123,912
Railroad transportation	261,186	265,534	(D)	(D)	(D)
Trucking and warehousing	867,429	925,714	995,366	1,045,299	1,109,372
Water transportation	450,096	475,289	474,896	499,575	514,003
Other transportation	1,233,421	1,367,663	(D)	(D)	(D)
Local and interurban passenger transit	105,005	122,876	136,979	149,175	158,419
Transportation by air	776,887	843,580	924,306	1,023,242	1,109,385
Pipelines, except natural gas	5,374	5,798	(D)	(D)	(D)

Table 4.3 (cont'd)

Washington Wage and Salary Disbursements

(Thousands of Dollars)

	1996	1997	1998	1999	2000
Transportation services	346,155	395,409	418,655	445,096	510,752
Communications	1,288,222	1,404,045	1,576,456	1,869,685	2,529,400
Electric, gas, and sanitary services	517,873	812,505	810,928	841,799	921,408
Wholesale trade	5,296,785	5,752,345	6,259,103	6,539,188	7,041,474
Retail trade	7,759,055	8,299,195	9,082,671	10,053,074	11,058,410
Building materials and garden equipment	509,549	533,365	582,040	614,999	637,558
General merchandise stores	864,423	878,141	997,307	1,071,334	1,232,436
Food stores	1,331,396	1,477,001	1,465,804	1,496,403	1,571,468
Automotive dealers and service stations	1,311,602	1,406,468	1,494,928	1,623,011	1,717,479
Apparel and accessory stores	460,661	501,991	554,423	579,736	629,873
Home furniture and furnishings stores	482,323	525,577	604,124	670,540	741,868
Eating and drinking places	1,852,029	1,948,838	2,241,991	2,445,242	2,721,711
Miscellaneous retail	947,072	1,027,814	1,142,054	1,551,809	1,806,017
Finance, insurance, and real estate	4,562,306	5,110,023	5,823,421	6,092,168	6,455,034
Depository and nondepository institutions	1,503,101	1,613,037	1,961,468	2,028,053	2,039,159
Other finance, insurance, and real estate	3,059,205	3,496,986	3,861,953	4,064,115	4,415,875
Security and commodity brokers	519,042	612,730	708,373	849,671	1,019,343
Insurance carriers	1,069,409	1,215,020	1,322,281	1,311,096	1,370,269
Insurance agents, brokers, and services	538,052	597,663	638,923	644,612	665,750
Real estate	756,864	835,852	955,594	1,021,261	1,092,813
Combined real estate, insurance, etc. 11	(N)	(N)	(N)	(N)	(N)
Holding and other investment offices	175,838	235,721	236,782	237,475	267,700
Services	19,890,719	22,808,400	27,364,561	32,919,884	33,994,399
Hotels and other lodging places	462,061	497,928	510,471	537,842	558,911
Personal services	405,905	432,644	453,946	490,715	507,838
Private households	174,880	176,806	(D)	(D)	(D)
Business services	5,488,653	7,699,956	10,943,034	15,245,481	14,934,370
Auto repair, services, and parking	600,264	669,840	714,788	760,236	803,265
Miscellaneous repair services	240,203	241,244	246,882	258,415	257,205
Amusement and recreation services	690,066	750,678	810,620	874,337	1,031,361
Motion pictures	128,473	134,885	143,629	146,488	151,650
Health services	5,681,985	6,008,537	6,460,990	6,865,282	7,184,181
Legal services	858,904	912,683	962,367	1,082,029	1,195,124
Educational services	579,146	614,644	693,045	760,330	872,013
Social services	853,294	932,697	1,017,883	1,090,232	1,205,954
Museums, botanical, zoological gardens	20,075	23,781	(D)	(D)	(D)
Membership organizations	958,898	1,000,489	1,048,733	1,142,710	1,267,367
Engineering and management services 6	2,683,844	2,630,664	3,035,749	3,333,662	3,673,685
Miscellaneous services	64,068	80,924	88,921	110,993	103,573
Government and government enterprises	15,599,994	16,215,207	16,843,188	17,608,397	18,695,886
Federal, civilian	2,729,151	2,791,665	2,841,270	2,901,080	3,118,973
Military	1,873,243	1,938,178	1,864,979	1,897,540	1,974,816
State and local	10,997,600	11,485,364	12,136,939	12,809,777	13,602,097
State	3,604,715	3,746,064	3,894,780	4,171,970	4,470,360
Local	7,392,885	7,739,300	8,242,159	8,637,807	9,131,737

Notes for Tables 4.2 and 4.3

- 1 Estimates based on the 1987 SIC
 - 2 Farm income consists of proprietors' income; the cash wages, pay-in-kind, and other labor income of hired farm workers; and the salaries of officers of corporate farms.
 - 3 Midyear population estimates of the Bureau of the Census for 1990 and prior years. The Census Bureau has not yet released intercensal population estimates that incorporate the results of the 2000 Decennial Census. BEA converted the April 1, 2000, Census Bureau population counts to a midyear 2000 basis and derived an interim set of population estimates for 1991-99 that are consistent with 1990 and 2000 population data.
 - 4 Per capita personal income is total personal income divided by total midyear population.
 - 5 Personal contributions for social insurance are included in earnings by type and industry, but they are excluded from personal income.
 - 6 The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers: Wage and salary disbursements to U.S. residents commuting to Canada less wage and salary disbursements to Canadian and Mexican residents commuting into the United States.
 - 7 Rental income of persons includes the capital consumption adjustment.
 - 8 Proprietors' income includes the inventory valuation adjustment and the capital consumption adjustment.
 - 9 "Other" consists of the wage and salary disbursements of U.S. residents employed by international organizations and foreign embassies and consulates in the United States.
 - 10 Under the 1972 SIC, ordnance was reclassified to four 2-digit industries: Fabricated metal products, electronic and other electric equipment, transportation equipment, and instruments and related products.
 - 11 Under the 1987 SIC, combined real estate, insurance, etc., was reclassified to four 2-digit industries: Nondepository credit institutions; insurance agents, brokers, and services; real estate; and legal services.
- (D) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the total.
- (L) Less than \$50,000, but the estimates for this item are included in the total.
- (N) Data not available for this year.

Table 4.4

September 2001 Annual Personal Income Revisions

Calendar 2000

United States					
	September 2001 Release*	July 2001 Release*	Absolute Revision*	Percent Revision	Percent of Total Income
Personal Income	8,312.3	8,338.1	(25.8)	(0.3)	(0.3)
Wage And Salary Disbursements	4,834.0	4,830.4	3.5	0.1	0.0
Nonwage Personal Income	3,478.3	3,507.7	(29.3)	(0.8)	(0.4)
Other Labor Income	529.6	519.4	10.2	2.0	0.1
Proprietors' Income	716.3	712.1	4.2	0.6	0.1
Farm Proprietors' Income	31.9	24.3	7.6	31.4	0.1
Nonfarm Proprietors' Income	684.4	687.8	(3.4)	(0.5)	(0.0)
Personal Contrb. For Social Insurance**	(357.1)	(360.2)	3.0	(0.8)	0.0
Adjustment For Residence	(1.1)	(1.1)	0.1	(6.8)	0.0
Dividends, Interest, And Rent	1,520.4	1,569.7	(49.3)	(3.1)	(0.6)
Total Transfer Payments	1,070.2	1,067.8	2.5	0.2	0.0
State Unemployment Insurance Compensation	19.9	19.7	0.2	1.2	0.0
Other Transfers	1,050.3	1,048.1	2.2	0.2	0.0
Washington					
	September 2001 Release*	July 2001 Release*	Absolute Revision	Percent Revision	Percent of Total Income
Personal Income	184.280	185.887	(1.6)	(0.9)	(0.9)
Wage And Salary Disbursements	109.665	109.541	0.1	0.1	0.1
Nonwage Personal Income	74.615	76.346	(1.7)	(2.3)	(0.9)
Other Labor Income	11.331	11.440	(0.1)	(1.0)	(0.1)
Proprietors' Income	14.250	14.463	(0.2)	(1.5)	(0.1)
Farm Proprietors' Income	0.428	0.218	0.2	96.3	0.1
Nonfarm Proprietors' Income	13.822	14.245	(0.4)	(3.0)	(0.2)
Pers. Contr. for Social Ins.**	-8.225	-8.240	0.0	(0.2)	0.0
Adjustment For Residence	2.332	2.368	(0.0)	(1.5)	(0.0)
Dividends, Interest, And Rent	33.244	34.802	(1.6)	(4.5)	(0.8)
Total Transfer Payments	21.684	21.514	0.2	0.8	0.1
State Unemployment Insurance Compensation	0.938	0.922	0.0	1.8	0.0
Other Transfers	20.745	20.593	0.2	0.7	0.1

* Billions of dollars

** Because personal contributions for social insurance are deductions from personal income, they are expressed as negative amounts.

Table 4.5

Per Capita Personal Income by State

	1970	Rank	1980	Rank	1990	Rank	2000	Rank
Alabama	2,979	49	7,892	48	15,832	43	23,460	44
Alaska	5,243	1	14,807	1	22,719	7	29,597	15
Arizona	3,843	26	9,590	29	17,211	36	24,991	38
Arkansas	2,849	50	7,586	50	14,509	50	21,945	48
California	4,815	8	12,029	4	21,889	9	32,225	9
Colorado	4,055	18	10,809	13	19,703	20	32,441	8
Connecticut	5,090	3	12,439	2	26,736	1	40,870	1
Delaware	4,608	9	10,803	14	21,636	10	31,074	13
District of Columbia	5,018	4	12,347	3	26,627	2	38,374	2
Florida	4,006	20	10,049	23	19,855	18	27,836	22
Georgia	3,394	38	8,474	38	17,738	30	27,790	24
Hawaii	5,096	2	11,512	8	22,391	8	27,819	23
Idaho	3,558	35	8,735	36	15,866	42	23,640	42
Illinois	4,580	10	11,077	11	20,756	11	31,842	11
Indiana	3,810	29	9,449	31	17,625	31	26,838	33
Iowa	3,862	25	9,671	28	17,380	34	26,376	34
Kansas	3,816	28	10,038	24	18,182	24	27,408	29
Kentucky	3,184	45	8,231	44	15,484	45	24,057	40
Louisiana	3,106	47	8,833	35	15,223	46	23,041	46
Maine	3,423	37	8,408	40	17,479	32	25,399	37
Maryland	4,573	11	11,230	9	23,023	6	33,621	6
Massachusetts	4,486	12	10,673	15	23,223	5	37,710	3
Michigan	4,194	14	10,369	16	19,022	21	29,071	19
Minnesota	4,053	19	10,320	17	20,011	17	31,913	10
Mississippi	2,641	51	7,076	51	13,164	51	20,856	51
Missouri	3,843	26	9,390	32	17,751	29	27,186	30
Montana	3,625	34	9,143	34	15,524	44	22,541	47
Nebraska	3,796	30	9,272	33	18,088	26	27,658	26
Nevada	4,946	5	11,780	5	20,674	13	29,551	16
New Hampshire	3,896	24	9,915	26	20,713	12	33,042	7
New Jersey	4,835	7	11,778	6	24,766	3	37,112	4
New Mexico	3,197	43	8,402	41	14,960	48	21,883	49
New York	4,887	6	11,095	10	23,315	4	34,502	5
North Carolina	3,285	40	8,247	43	17,367	35	26,842	32
North Dakota	3,214	42	8,095	47	15,880	41	24,780	39
Ohio	4,101	16	10,103	22	18,792	22	27,914	21
Oklahoma	3,477	36	9,580	30	16,214	39	23,582	43
Oregon	3,940	22	10,196	18	18,253	23	27,649	27
Pennsylvania	4,077	17	10,151	21	19,823	19	29,533	17
Rhode Island	4,114	15	9,742	27	20,194	15	29,158	18
South Carolina	3,064	48	7,794	49	16,050	40	23,952	41
South Dakota	3,256	41	8,142	46	16,238	38	25,993	35
Tennessee	3,189	44	8,319	42	16,821	37	25,878	36
Texas	3,646	32	9,957	25	17,458	33	27,722	25
Utah	3,391	39	8,464	39	14,996	47	23,364	45
Vermont	3,634	33	8,702	37	18,055	27	26,904	31
Virginia	3,795	31	10,176	19	20,538	14	31,065	14
Washington	4,205	13	10,913	12	20,026	16	31,129	12
West Virginia	3,117	46	8,172	45	14,579	49	21,767	50
Wisconsin	3,983	21	10,161	20	18,160	25	28,066	20
Wyoming	3,919	23	11,753	7	17,996	28	27,436	28
National Average	4,095		10,183		19,584		29,451	

September 2001 Personal Income Revisions

Chart 4.1

Total Personal Income

Percent of Total Personal Income

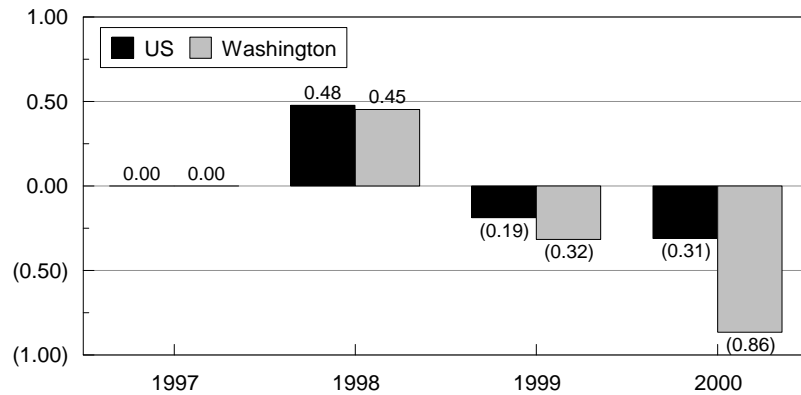


Chart 4.2

Wage and Salary Disbursements

Percent of Total Personal Income

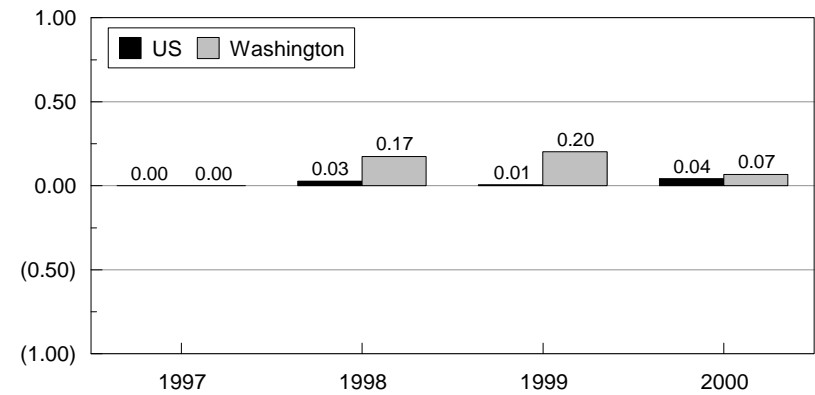


Chart 4.3

Other Labor Income

Percent of Total Personal Income

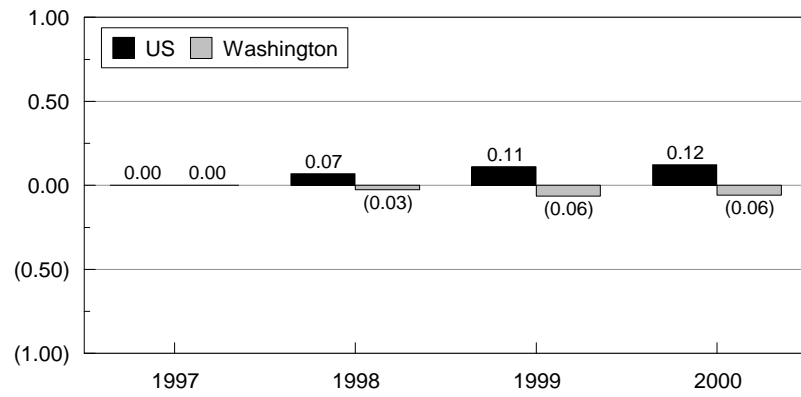
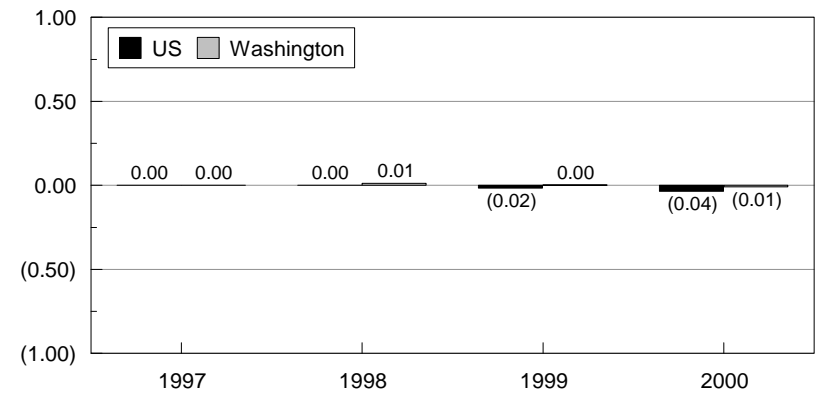


Chart 4.4

Personal Contributions for Social Insurance

Percent of Total Personal Income



September 2001 Personal Income Revisions

Chart 4.5
Residence Adjustment
Percent of Total Personal Income

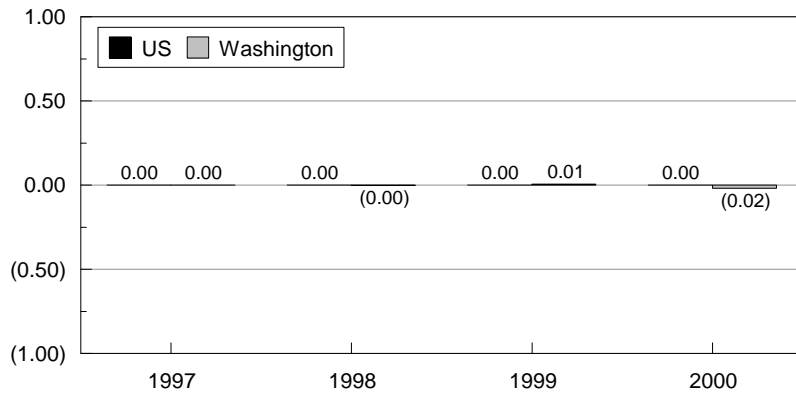


Chart 4.6
Proprietors' Income
Percent of Total Personal Income

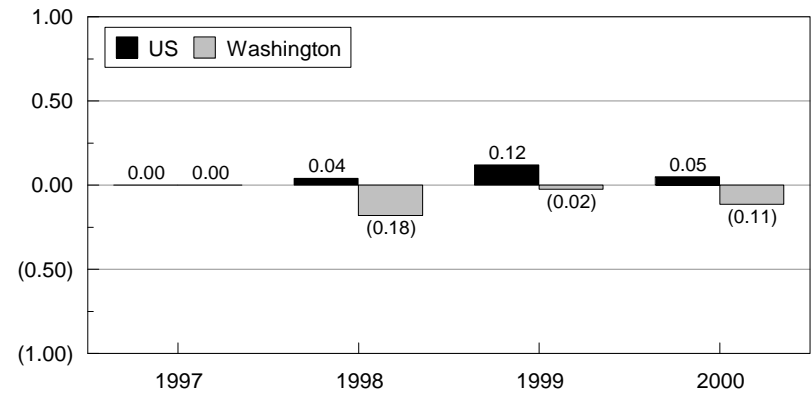


Chart 4.7
Farm Proprietors' Income
Percent of Total Personal Income

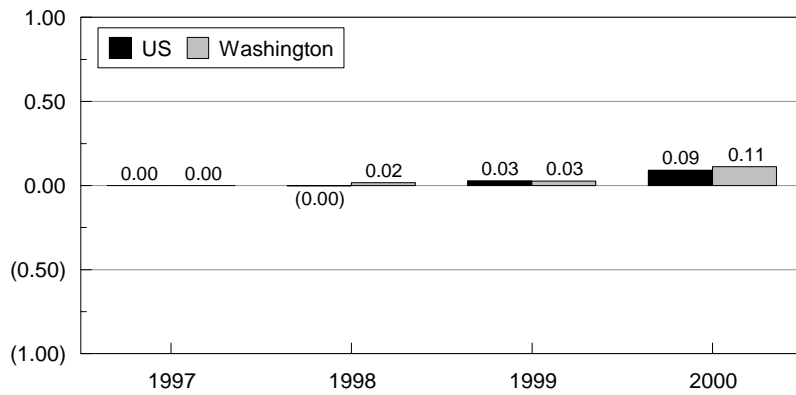
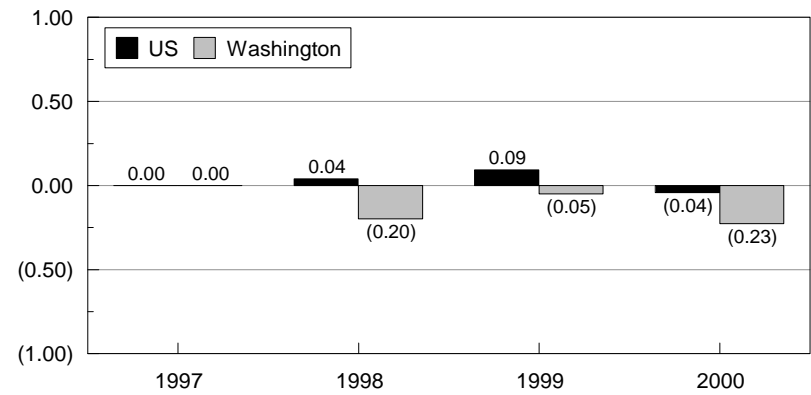


Chart 4.8
Nonfarm Proprietors' Income
Percent of Total Personal Income



September 2001 Personal Income Revisions

Chart 4.9

Dividends, Interest, and Rent

Percent of Total Personal Income

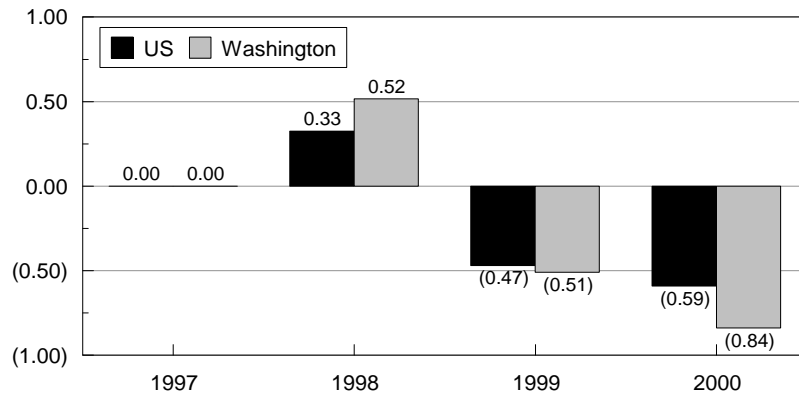


Chart 4.10

Total Transfer Payments

Percent of Total Personal Income

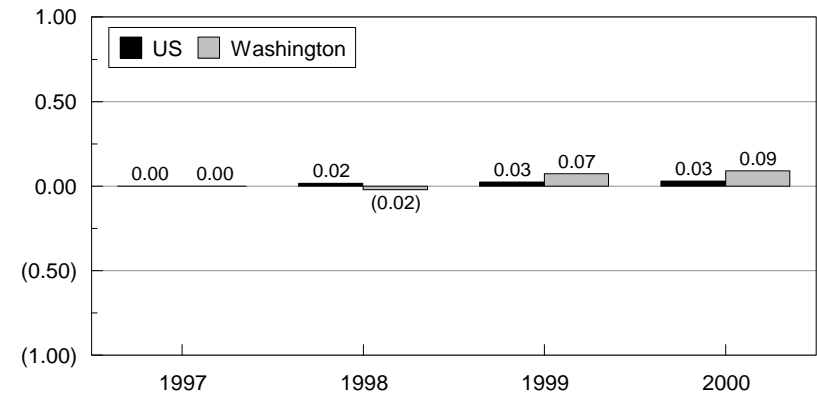


Chart 4.11

State Unemployment Insurance Compensation

Percent of Total Personal Income

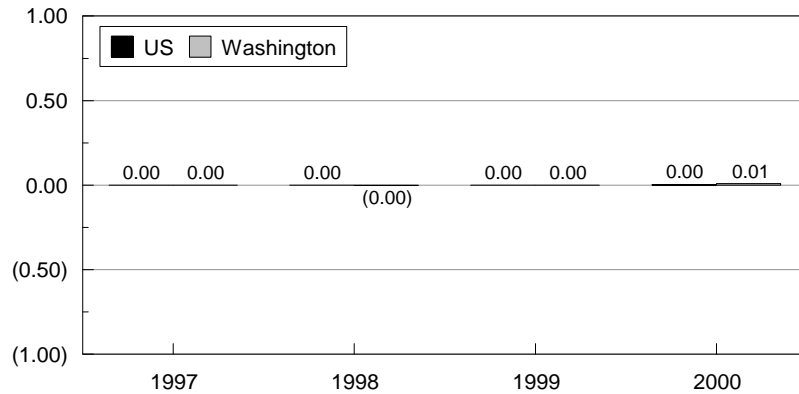
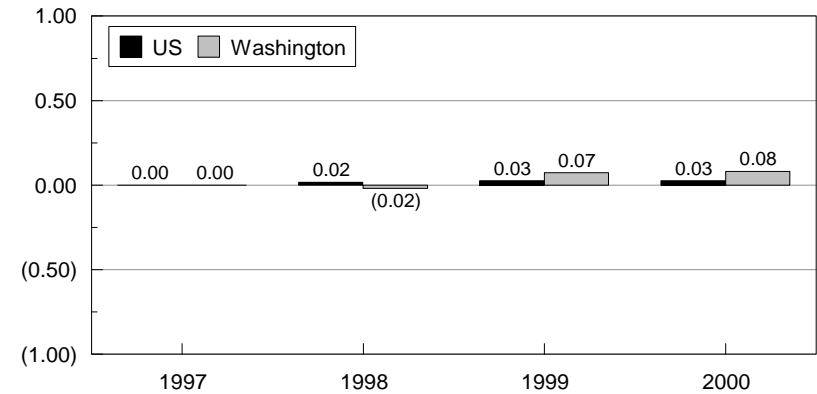


Chart 4.12

Other Transfers

Percent of Total Personal Income



Real Per Capita Personal Income

Chart 4.13
July 2001 Release
1996 Chained Dollars

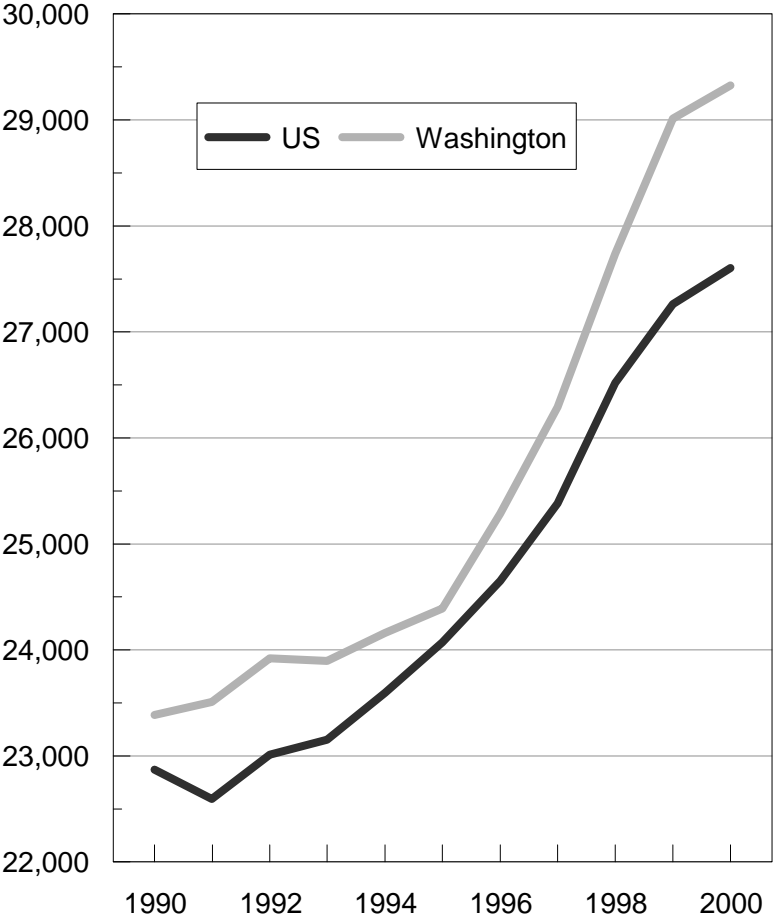
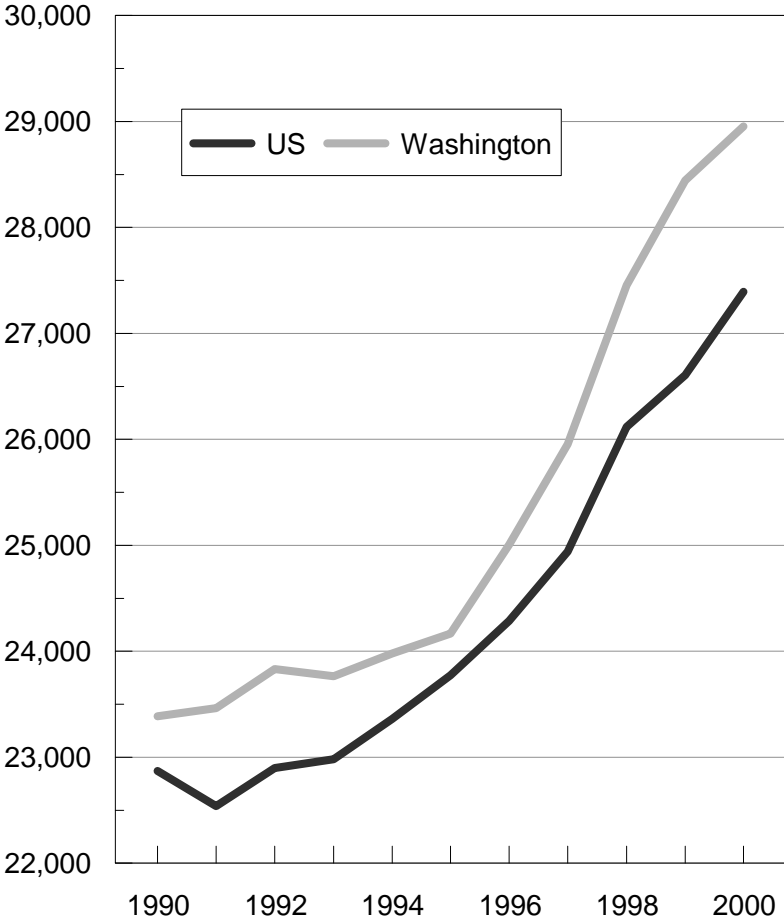


Chart 4.14
September 2001 Release
1996 Chained Dollars



Detail Components of the Washington Economic Forecast

Calendar Years

Table A1.1
U.S. Economic Forecast Summary
 Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Real National Income Accounts (Billions of Chained 1996 Dollars)								
Real Gross Domestic Product	7,813.1	8,159.4	8,508.9	8,856.5	9,224.0	9,323.5	9,362.8	9,777.0
% Ch	3.6	4.4	4.3	4.1	4.1	1.1	0.4	4.4
Real Consumption	5237.5	5423.9	5683.7	5968.4	6257.8	6429.1	6511.4	6767.3
% Ch	3.2	3.6	4.8	5.0	4.8	2.7	1.3	3.9
Real Nonresidential Fixed Investment	899.4	1,009.3	1,135.9	1,228.6	1,350.7	1,301.0	1,217.6	1,300.5
% Ch	10.0	12.2	12.5	8.2	9.9	-3.7	-6.4	6.8
Real Residential Fixed Investment	313.3	319.7	345.1	368.3	371.4	376.4	368.8	365.4
% Ch	7.4	2.0	8.0	6.7	0.8	1.4	-2.0	-0.9
Real Personal Income	6,547.3	6,804.9	7,207.7	7,426.9	7,737.3	7,968.5	8,052.8	8,317.2
% Ch	3.4	3.9	5.9	3.0	4.2	3.0	1.1	3.3
Real Per Capita Income (\$/Person)	24,630	25,357	26,614	27,180	28,065	28,645	28,690	29,371
% Ch	2.4	3.0	5.0	2.1	3.3	2.1	0.2	2.4
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.000	1.019	1.030	1.047	1.075	1.096	1.113	1.138
% Ch	2.1	1.9	1.1	1.6	2.7	2.0	1.5	2.2
U.S. Consumer Price Index (1982-84=1.0)	1.570	1.606	1.631	1.667	1.723	1.775	1.808	1.850
% Ch	2.9	2.3	1.5	2.2	3.4	3.0	1.9	2.4
Employment Cost Index (June 1989=1.0)	1.260	1.304	1.356	1.403	1.460	1.514	1.557	1.606
% Ch	3.3	3.5	4.0	3.4	4.1	3.7	2.9	3.1
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	7,813.2	8,318.4	8,781.5	9,268.6	9,872.9	10,206.1	10,413.6	11,096.4
% Ch	5.6	6.5	5.6	5.5	6.5	3.4	2.0	6.6
Personal Income	6,547.4	6,937.0	7,426.0	7,777.3	8,319.2	8,735.5	8,961.6	9,462.6
% Ch	5.6	6.0	7.0	4.7	7.0	5.0	2.6	5.6
Employment (Millions)								
U.S. Civilian Labor Force	134.0	136.3	137.7	139.4	140.9	141.8	143.2	145.0
Total U.S. Employment	126.7	129.6	131.5	133.5	135.2	135.0	134.4	136.8
Unemployment Rate (%)	5.41	4.95	4.51	4.23	4.01	4.78	6.20	5.72
Wage and Salary Employment	119.59	122.68	125.84	128.90	131.76	132.25	131.72	133.01
% Ch	2.0	2.6	2.6	2.4	2.2	0.4	-0.4	1.0
Manufacturing	18.49	18.67	18.81	18.55	18.47	17.68	16.45	16.66
% Ch	-0.2	1.0	0.7	-1.3	-0.5	-4.3	-7.0	1.3
Durable Manufacturing	10.79	11.01	11.21	11.11	11.14	10.65	9.84	9.87
% Ch	1.0	2.0	1.8	-0.8	0.2	-4.4	-7.6	0.3
Nondurable Manufacturing	7.71	7.66	7.60	7.44	7.33	7.03	6.61	6.79
% Ch	-1.7	-0.5	-0.8	-2.1	-1.5	-4.1	-6.0	2.8
Nonmanufacturing	101.10	104.00	107.04	110.35	113.29	114.57	115.27	116.35
% Ch	2.5	2.9	2.9	3.1	2.7	1.1	0.6	0.9
Services	34.46	36.04	37.53	39.05	40.46	41.05	41.81	42.95
% Ch	4.0	4.6	4.1	4.1	3.6	1.5	1.8	2.7
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	20.4	20.4	20.0	20.5	21.0	21.3	20.9	21.2
Auto Sales (Millions)	8.5	8.3	8.1	8.7	8.9	8.2	7.4	8.0
% Ch	-1.8	-3.0	-1.6	6.8	1.8	-6.9	-10.3	8.3
Housing Starts (Millions)	1.469	1.475	1.621	1.647	1.575	1.589	1.555	1.506
% Ch	7.9	0.4	9.9	1.6	-4.4	0.9	-2.1	-3.1
Federal Budget Surplus (Billions)	-136.8	-53.3	43.8	119.2	218.6	106.7	-46.0	-46.9
Net Exports (Billions)	-89.0	-89.3	-151.7	-250.8	-364.0	-331.5	-370.0	-369.9
3-Month Treasury Bill Rate (%)	5.01	5.06	4.78	4.64	5.82	3.40	2.28	4.19
30-Year U.S. Govt. Bond Rate (%)	6.70	6.61	5.58	5.87	5.94	5.38	5.01	6.05
Bond Index of 20 G.O. Munis. (%)	5.76	5.52	5.09	5.43	5.70	4.97	4.58	5.22
Mortgage Rate (%)	7.81	7.60	6.95	7.43	8.06	6.89	6.47	7.78

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Real National Income Accounts (Billions of Chained 1996 Dollars)								
Real Gross Domestic Product	8,396.3	8,442.9	8,528.5	8,667.9	8,733.5	8,771.2	8,871.5	9,049.9
% Ch	6.1	2.2	4.1	6.7	3.1	1.7	4.7	8.3
Real Consumption	5,576.3	5,660.2	5,713.7	5,784.7	5,854.0	5,936.1	6,000.0	6,083.6
% Ch	5.1	6.2	3.8	5.1	4.9	5.7	4.4	5.7
Real Nonresidential Fixed Investment	1,099.5	1,132.3	1,136.6	1,175.4	1,192.6	1,214.9	1,244.6	1,262.4
% Ch	21.6	12.5	1.5	14.4	6.0	7.7	10.2	5.8
Real Residential Fixed Investment	333.0	340.5	349.5	357.4	366.3	368.9	368.2	369.7
% Ch	10.4	9.2	11.1	9.3	10.3	3.0	-0.8	1.6
Real Personal Income	7,072.4	7,180.3	7,260.5	7,317.5	7,347.1	7,394.3	7,448.5	7,517.6
% Ch	8.5	6.2	4.5	3.2	1.6	2.6	3.0	3.8
Real Per Capita Income (\$/Person)	26,204	26,544	26,780	26,930	26,978	27,091	27,229	27,421
% Ch	7.5	5.3	3.6	2.3	0.7	1.7	2.1	2.8
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.026	1.028	1.032	1.035	1.039	1.044	1.050	1.056
% Ch	0.6	1.0	1.4	1.4	1.3	2.0	2.2	2.4
U.S. Consumer Price Index (1982-84=1.0)	1.622	1.627	1.634	1.642	1.649	1.660	1.672	1.685
% Ch	1.0	1.2	1.8	2.0	1.6	2.9	2.8	3.2
Employment Cost Index (June 1989=1.0)	1.337	1.348	1.365	1.375	1.381	1.397	1.409	1.423
% Ch	4.0	3.3	5.1	3.0	1.8	4.7	3.5	4.0
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	8,627.8	8,697.3	8,816.5	8,984.5	9,093.1	9,161.4	9,297.4	9,522.5
% Ch	7.2	3.3	5.6	7.8	4.9	3.0	6.1	10.0
Personal Income	7,254.8	7,382.8	7,490.7	7,575.8	7,631.4	7,719.6	7,818.7	7,939.3
% Ch	9.1	7.2	6.0	4.6	3.0	4.7	5.2	6.3
Employment (Millions)								
U.S. Civilian Labor Force	137.1	137.3	137.8	138.4	138.9	139.1	139.5	140.0
Total U.S. Employment	130.8	131.2	131.6	132.3	132.9	133.2	133.6	134.3
Unemployment Rate (%)	4.67	4.43	4.50	4.43	4.30	4.30	4.23	4.10
Wage and Salary Employment	124.73	125.50	126.18	126.97	127.78	128.50	129.22	130.11
% Ch	2.5	2.5	2.2	2.6	2.5	2.3	2.2	2.8
Manufacturing	18.87	18.87	18.76	18.71	18.64	18.56	18.52	18.50
% Ch	1.6	-0.0	-2.3	-1.1	-1.6	-1.6	-0.8	-0.6
Durable Manufacturing	11.23	11.25	11.18	11.17	11.13	11.11	11.11	11.09
% Ch	3.0	0.7	-2.5	-0.2	-1.3	-0.8	-0.1	-0.6
Nondurable Manufacturing	7.65	7.62	7.59	7.54	7.50	7.45	7.42	7.40
% Ch	-0.5	-1.1	-2.0	-2.4	-1.9	-2.8	-1.8	-0.7
Nonmanufacturing	105.86	106.63	107.41	108.26	109.14	109.94	110.69	111.61
% Ch	2.7	2.9	3.0	3.2	3.3	3.0	2.8	3.4
Services	37.00	37.34	37.69	38.07	38.46	38.85	39.21	39.66
% Ch	4.1	3.8	3.7	4.2	4.2	4.1	3.7	4.7
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	20.1	20.0	20.0	20.1	20.5	20.5	20.6	20.7
Auto Sales (Millions)	7.8	8.4	7.8	8.6	8.4	8.7	8.8	8.9
% Ch	-13.3	36.3	-28.1	48.7	-9.3	16.9	5.1	5.1
Housing Starts (Millions)	1.559	1.572	1.631	1.722	1.709	1.574	1.651	1.655
% Ch	7.1	3.6	15.9	24.3	-3.0	-28.0	20.9	1.0
Federal Budget Surplus (Billions)	19.6	33.0	65.7	57.0	85.2	116.5	132.0	143.1
Net Exports (Billions)	-122.6	-154.9	-165.3	-164.1	-199.7	-241.1	-273.9	-288.7
3-Month Treasury Bill Rate (%)	5.05	4.98	4.82	4.26	4.41	4.45	4.65	5.04
30-Year U.S. Govt. Bond Rate (%)	5.88	5.85	5.47	5.11	5.37	5.80	6.04	6.25
Bond Index of 20 G.O. Munis. (%)	5.12	5.18	5.07	4.98	5.05	5.21	5.56	5.91
Mortgage Rate (%)	7.05	7.09	6.86	6.77	6.88	7.21	7.80	7.83

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Real National Income Accounts (Billions of Chained 1996 Dollars)								
Real Gross Domestic Product	9,102.5	9,229.4	9,260.1	9,303.9	9,334.5	9,341.7	9,333.4	9,284.3
% Ch	2.3	5.7	1.3	1.9	1.3	0.3	-0.4	-2.1
Real Consumption	6,171.7	6,226.3	6,292.1	6,341.1	6,388.5	6,428.4	6,447.8	6,451.7
% Ch	5.9	3.6	4.3	3.1	3.0	2.5	1.2	0.2
Real Nonresidential Fixed Investment	1,309.4	1,347.7	1,371.1	1,374.5	1,373.9	1,320.9	1,279.8	1,229.4
% Ch	15.8	12.2	7.1	1.0	-0.2	-14.6	-11.9	-14.9
Real Residential Fixed Investment	377.3	376.5	366.3	365.3	372.9	378.3	380.0	374.4
% Ch	8.5	-0.8	-10.4	-1.1	8.5	5.9	1.9	-5.8
Real Personal Income	7,599.1	7,715.5	7,772.2	7,862.3	7,910.8	7,952.0	8,017.2	7,993.7
% Ch	4.4	6.3	3.0	4.7	2.5	2.1	3.3	-1.2
Real Per Capita Income (\$/Person)	27,657	28,019	28,161	28,423	28,534	28,618	28,788	28,639
% Ch	3.5	5.3	2.0	3.8	1.6	1.2	2.4	-2.1
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.066	1.072	1.078	1.084	1.092	1.096	1.095	1.102
% Ch	4.0	2.1	2.4	1.9	3.2	1.3	-0.4	2.7
U.S. Consumer Price Index (1982-84=1.0)	1.703	1.715	1.730	1.743	1.761	1.774	1.777	1.787
% Ch	4.2	3.0	3.5	2.9	4.2	3.1	0.7	2.3
Employment Cost Index (June 1989=1.0)	1.439	1.454	1.467	1.479	1.495	1.509	1.520	1.531
% Ch	4.6	4.2	3.6	3.3	4.4	3.8	2.9	2.9
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	9,668.7	9,857.6	9,937.5	10,027.9	10,141.7	10,202.6	10,247.7	10,232.4
% Ch	6.3	8.0	3.3	3.7	4.6	2.4	1.8	-0.6
Personal Income	8,104.4	8,271.0	8,381.5	8,519.6	8,640.2	8,714.6	8,777.3	8,809.8
% Ch	8.6	8.5	5.5	6.8	5.8	3.5	2.9	1.5
Employment (Millions)								
U.S. Civilian Labor Force	140.7	140.8	140.7	141.2	141.9	141.5	141.8	142.3
Total U.S. Employment	135.0	135.2	135.0	135.6	135.9	135.1	135.0	134.2
Unemployment Rate (%)	4.03	4.03	4.00	3.97	4.23	4.47	4.77	5.66
Wage and Salary Employment	130.98	131.85	131.93	132.26	132.56	132.48	132.34	131.61
% Ch	2.7	2.7	0.2	1.0	0.9	-0.2	-0.4	-2.2
Manufacturing	18.50	18.51	18.49	18.38	18.19	17.88	17.55	17.09
% Ch	0.2	0.1	-0.5	-2.3	-4.1	-6.6	-7.1	-10.1
Durable Manufacturing	11.12	11.15	11.17	11.12	10.99	10.78	10.53	10.28
% Ch	1.0	1.0	0.8	-1.9	-4.5	-7.4	-8.8	-9.2
Nondurable Manufacturing	7.38	7.36	7.32	7.26	7.20	7.10	7.02	6.81
% Ch	-1.1	-1.1	-2.5	-3.0	-3.5	-5.3	-4.5	-11.5
Nonmanufacturing	112.48	113.34	113.44	113.89	114.37	114.60	114.79	114.52
% Ch	3.1	3.1	0.3	1.6	1.7	0.8	0.6	-0.9
Services	40.03	40.36	40.61	40.84	41.03	41.05	41.09	41.03
% Ch	3.8	3.3	2.6	2.2	1.9	0.3	0.4	-0.6
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	20.8	20.9	21.1	21.3	21.5	21.6	21.0	21.2
Auto Sales (Millions)	9.4	8.9	8.8	8.3	8.6	8.4	7.9	8.0
% Ch	21.0	-17.5	-5.2	-18.8	14.3	-9.8	-21.9	5.1
Housing Starts (Millions)	1.668	1.586	1.505	1.539	1.627	1.623	1.594	1.511
% Ch	3.3	-18.3	-18.9	9.3	24.8	-0.9	-7.0	-19.3
Federal Budget Surplus (Billions)	212.8	209.1	229.9	222.5	205.3	186.7	-7.7	42.5
Net Exports (Billions)	-333.9	-350.8	-380.6	-390.6	-363.8	-347.4	-277.3	-337.4
3-Month Treasury Bill Rate (%)	5.52	5.71	6.02	6.02	4.82	3.66	3.17	1.95
30-Year U.S. Govt. Bond Rate (%)	6.30	5.98	5.80	5.69	5.44	5.70	5.52	4.85
Bond Index of 20 G.O. Munis. (%)	5.96	5.85	5.56	5.45	5.14	5.26	5.10	4.39
Mortgage Rate (%)	8.26	8.32	8.03	7.64	7.01	7.13	6.97	6.46

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2001 to 2003

	2002:1	2002:02	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Real National Income Accounts (Billions of Chained 1996 Dollars)								
Real Gross Domestic Product	9,246.0	9,303.5	9,391.5	9,510.0	9,623.1	9,736.8	9,821.5	9,926.8
% Ch	-1.6	2.5	3.8	5.1	4.8	4.8	3.5	4.4
Real Consumption	6,431.3	6,478.4	6,536.8	6,599.3	6,672.3	6,744.7	6,796.8	6,855.2
% Ch	-1.3	3.0	3.7	3.9	4.5	4.4	3.1	3.5
Real Nonresidential Fixed Investment	1,212.6	1,203.6	1,222.0	1,232.3	1,254.7	1,289.2	1,313.5	1,344.8
% Ch	-5.4	-2.9	6.3	3.4	7.5	11.5	7.7	9.9
Real Residential Fixed Investment	368.0	369.1	369.2	369.0	365.9	364.9	364.4	366.4
% Ch	-6.7	1.2	0.1	-0.2	-3.4	-1.0	-0.6	2.2
Real Personal Income	8,000.6	8,019.7	8,067.7	8,123.2	8,210.4	8,289.9	8,350.7	8,417.7
% Ch	0.3	1.0	2.4	2.8	4.4	3.9	3.0	3.2
Real Per Capita Income (\$/Person)	28,600	28,604	28,711	28,845	29,090	29,307	29,458	29,629
% Ch	-0.5	0.1	1.5	1.9	3.4	3.0	2.1	2.4
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.105	1.110	1.115	1.121	1.128	1.134	1.141	1.148
% Ch	1.2	1.7	1.6	2.3	2.3	2.3	2.6	2.5
U.S. Consumer Price Index (1982-84=1.0)	1.795	1.803	1.811	1.822	1.833	1.844	1.856	1.868
% Ch	1.7	1.8	1.8	2.4	2.4	2.4	2.7	2.6
Employment Cost Index (June 1989=1.0)	1.541	1.551	1.563	1.573	1.586	1.599	1.613	1.626
% Ch	2.7	2.6	3.0	2.8	3.4	3.1	3.6	3.3
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	10,228.0	10,328.3	10,458.1	10,640.2	10,830.6	11,015.4	11,177.8	11,361.8
% Ch	-0.2	4.0	5.1	7.1	7.4	7.0	6.0	6.8
Personal Income	8,844.1	8,903.0	8,992.7	9,106.8	9,257.6	9,399.8	9,528.7	9,664.2
% Ch	1.6	2.7	4.1	5.2	6.8	6.3	5.6	5.8
Employment (Millions)								
U.S. Civilian Labor Force	142.6	143.0	143.5	143.9	144.4	144.8	145.3	145.8
Total U.S. Employment	134.1	134.0	134.4	135.0	135.6	136.4	137.1	137.9
Unemployment Rate (%)	5.96	6.28	6.35	6.22	6.03	5.82	5.61	5.41
Wage and Salary Employment	131.58	131.59	131.75	131.95	132.28	132.77	133.17	133.82
% Ch	-0.1	0.0	0.5	0.6	1.0	1.5	1.2	2.0
Manufacturing	16.72	16.50	16.30	16.26	16.34	16.54	16.77	16.97
% Ch	-8.5	-5.1	-4.7	-1.0	2.0	4.9	5.8	4.7
Durable Manufacturing	10.03	9.88	9.73	9.70	9.72	9.81	9.92	10.01
% Ch	-9.4	-6.1	-5.7	-1.4	1.0	3.6	4.5	3.6
Nondurable Manufacturing	6.68	6.62	6.57	6.56	6.62	6.73	6.86	6.96
% Ch	-7.2	-3.5	-3.2	-0.3	3.5	6.8	7.6	6.3
Nonmanufacturing	114.87	115.09	115.45	115.68	115.94	116.23	116.39	116.85
% Ch	1.2	0.8	1.3	0.8	0.9	1.0	0.6	1.6
Services	41.41	41.63	41.94	42.24	42.59	42.86	43.05	43.28
% Ch	3.8	2.2	3.0	2.9	3.4	2.5	1.7	2.2
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	20.9	20.9	20.9	20.9	21.0	21.1	21.2	21.3
Auto Sales (Millions)	7.0	7.3	7.5	7.8	7.9	8.1	8.0	8.0
% Ch	-41.7	17.4	10.9	18.7	5.2	10.4	-5.4	1.1
Housing Starts (Millions)	1.520	1.594	1.571	1.534	1.503	1.497	1.503	1.521
% Ch	2.6	20.8	-5.7	-9.0	-7.9	-1.5	1.7	4.8
Federal Budget Surplus (Billions)	-73.6	-40.0	-33.2	-37.4	-46.7	-54.4	-43.3	-43.2
Net Exports (Billions)	-360.4	-363.2	-384.3	-372.2	-362.3	-373.3	-374.5	-369.6
3-Month Treasury Bill Rate (%)	1.80	2.00	2.36	2.96	3.59	4.13	4.39	4.63
30-Year U.S. Govt. Bond Rate (%)	4.74	4.88	5.01	5.39	5.93	6.02	6.10	6.16
Bond Index of 20 G.O. Munis. (%)	4.34	4.57	4.60	4.80	5.20	5.17	5.24	5.26
Mortgage Rate (%)	6.25	6.29	6.47	6.85	7.43	7.74	7.91	8.03

Table A1.3
Washington Economic Forecast Summary
 Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Real Income (Billions of Chained 1996 Dollars)								
Real Personal Income	139.321	147.338	158.485	166.461	171.399	173.069	173.565	179.019
% Ch	5.2	5.8	7.6	5.0	3.0	1.0	0.3	3.1
Real Wage and Salary Disb.	77.304	83.762	91.544	99.143	102.003	101.859	101.622	104.361
% Ch	5.6	8.4	9.3	8.3	2.9	-0.1	-0.2	2.7
Real Nonwage Income	62.016	63.575	66.941	67.318	69.396	71.210	71.943	74.658
% Ch	4.6	2.5	5.3	0.6	3.1	2.6	1.0	3.8
Real Per Capita Income (\$/Person)	24,861	25,865	27,417	28,431	28,931	28,843	28,603	29,169
% Ch	3.4	4.0	6.0	3.7	1.8	-0.3	-0.8	2.0
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.000	1.019	1.030	1.047	1.075	1.096	1.113	1.138
% Ch	2.1	1.9	1.1	1.6	2.7	2.0	1.5	2.2
Seattle Cons. Price Index (1982-84=1.0)	1.575	1.630	1.678	1.728	1.792	1.857	1.889	1.927
% Ch	3.4	3.5	2.9	3.0	3.7	3.6	1.7	2.0
Avg. Hourly Earnings-Mfg. (\$/Hour)	14.73	15.14	15.75	16.14	16.76	17.64	17.99	18.21
% Ch	0.0	2.8	4.0	2.5	3.9	5.2	2.0	1.2
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	138.45	149.74	162.72	174.2	183.85	189.2	192.53	202.999
% Ch	7.2	8.2	8.7	7.1	5.5	2.9	1.8	5.4
Personal Income	139.328	150.203	163.291	174.324	184.280	189.726	193.152	203.673
% Ch	7.4	7.8	8.7	6.8	5.7	3.0	1.8	5.4
Disposable Personal Income	120.820	129.225	139.753	148.338	155.747	161.402	165.504	174.880
% Ch	6.5	7.0	8.1	6.1	5.0	3.6	2.5	5.7
Per Capita Income (\$/Person)	24,861	26,368	28,248	29,774	31,105	31,619	31,830	33,186
% Ch	5.6	6.1	7.1	5.4	4.5	1.7	0.7	4.3
Employment (Thousands)								
Washington Civilian Labor Force	2,878.6	2,981.2	3,037.2	3,074.6	3,045.8	3,057.4	3,043.7	3,082.9
Total Washington Employment	2,691.6	2,839.6	2,892.5	2,929.2	2,887.9	2,874.0	2,817.6	2,841.1
Unemployment Rate (%)	6.50	4.75	4.76	4.73	5.18	6.00	7.43	7.84
Wage and Salary Employment	2415.6	2514.2	2594.7	2648.7	2709.2	2710.4	2689.3	2714.4
% Ch	2.9	4.1	3.2	2.1	2.3	0.0	-0.8	0.9
Manufacturing	344.78	370.02	379.56	364.12	350.81	336.25	311.92	309.43
% Ch	3.7	7.3	2.6	-4.1	-3.7	-4.1	-7.2	-0.8
Durable Manufacturing	235.0	261.3	271.0	255.8	243.1	233.4	212.3	207.6
% Ch	5.0	11.2	3.7	-5.6	-5.0	-4.0	-9.1	-2.2
Aerospace	86.3	105.0	112.4	98.9	86.2	87.6	74.1	65.8
% Ch	7.7	21.6	7.1	-12.0	-12.8	1.5	-15.3	-11.2
Nondurable Manufacturing	109.73	108.76	108.59	108.33	107.72	102.85	99.67	101.824
% Ch	1.1	-0.9	-0.2	-0.2	-0.6	-4.5	-3.1	2.2
Nonmanufacturing	2,070.8	2,144.2	2,215.1	2,284.6	2,358.4	2,374.1	2,377.3	2,405.0
% Ch	2.8	3.5	3.3	3.1	3.2	0.7	0.1	1.2
Construction	127.8	136.3	143.7	153.8	161.0	159.3	152.5	151.3
% Ch	4.8	6.6	5.4	7.1	4.7	-1.0	-4.3	-0.8
Services	649.1	678.8	709.3	739.7	777.6	784.6	799.1	825.8
% Ch	4.1	4.6	4.5	4.3	5.1	0.9	1.9	3.3
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	39.597	41.089	45.727	42.752	39.021	39.610	36.868	35.522
% Ch	3.8	3.8	11.3	-6.5	-8.7	1.5	-6.9	-3.7
Single-Family	27.015	27.776	28.644	28.111	25.471	27.921	25.953	23.305
% Ch	0.9	2.8	3.1	-1.9	-9.4	9.6	-7.0	-10.2
Multi-Family	12.582	13.313	17.083	14.641	13.550	11.688	10.915	12.218
% Ch	10.5	5.8	28.3	-14.3	-7.5	-13.7	-6.6	11.9
Mortgage Rate (%)	7.81	7.60	6.95	7.43	8.06	6.89	6.47	7.78

Table A1.4
Washington Economic Forecast Summary
 Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Real Income (Billions of Chained 1996 Dollars)								
Real Personal Income	154.473	157.777	160.693	160.997	163.518	163.352	168.108	170.865
% Ch	11.0	8.8	7.6	0.8	6.4	-0.4	12.2	6.7
Real Wage and Salary Disb.	88.737	90.898	93.134	93.407	96.403	96.112	100.836	103.219
% Ch	12.8	10.1	10.2	1.2	13.5	-1.2	21.2	9.8
Real Nonwage Income	65.736	66.879	67.559	67.589	67.115	67.239	67.271	67.645
% Ch	8.6	7.1	4.1	0.2	-2.8	0.7	0.2	2.2
Real Per Capita Income (\$/Person)	26,865	27,343	27,751	27,707	28,044	27,939	28,675	29,067
% Ch	9.4	7.3	6.1	-0.6	4.9	-1.5	11.0	5.6
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.026	1.028	1.032	1.035	1.039	1.044	1.050	1.056
% Ch	0.6	1.0	1.4	1.4	1.3	2.0	2.2	2.4
Seattle Cons. Price Index (1982-84=1.0)	1.664	1.667	1.683	1.696	1.709	1.722	1.733	1.748
% Ch	4.2	0.6	3.9	3.0	3.2	3.1	2.6	3.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	15.49	15.67	15.85	15.99	15.98	16.06	16.24	16.29
% Ch	2.2	4.7	4.5	3.7	-0.3	2.1	4.4	1.3
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	157.921	161.674	165.220	166.065	169.744	170.460	176.320	180.281
% Ch	11.5	9.9	9.1	2.1	9.2	1.7	14.5	9.3
Personal Income	158.453	162.232	165.793	166.687	169.852	170.533	176.468	180.444
% Ch	11.7	9.9	9.1	2.2	7.8	1.6	14.7	9.3
Disposable Personal Income	135.869	139.040	141.808	142.297	144.915	145.291	150.031	153.113
% Ch	11.3	9.7	8.2	1.4	7.6	1.0	13.7	8.5
Per Capita Income (\$/Person)	27,557	28,115	28,632	28,687	29,130	29,168	30,101	30,697
% Ch	10.0	8.4	7.6	0.8	6.3	0.5	13.4	8.1
Employment (Thousands)								
Washington Civilian Labor Force	3,022.3	3,027.3	3,034.8	3,064.4	3,084.4	3,086.4	3,076.6	3,051.1
Total Washington Employment	2,880.6	2,884.6	2,888.0	2,916.8	2,940.4	2,939.1	2,930.7	2,906.6
Unemployment Rate (%)	4.69	4.72	4.83	4.82	4.67	4.77	4.74	4.74
Wage and Salary Employment	2,570.8	2,586.7	2,604.5	2,616.6	2,630.7	2,633.6	2,658.4	2,672.1
% Ch	3.5	2.5	2.8	1.9	2.2	0.5	3.8	2.1
Manufacturing	381.4	381.5	380.2	375.1	370.6	366.1	361.4	358.5
% Ch	4.4	0.0	-1.3	-5.3	-4.8	-4.8	-5.0	-3.2
Durable Manufacturing	272.6	273.2	271.3	266.8	262.7	257.9	253.0	249.6
% Ch	5.6	0.9	-2.6	-6.5	-6.0	-7.1	-7.5	-5.3
Aerospace	112.4	113.7	113.2	110.3	106.3	101.1	96.0	92.1
% Ch	7.4	4.7	-1.5	-10.1	-13.5	-18.4	-18.6	-15.3
Nondurable Manufacturing	108.9	108.3	108.9	108.3	107.8	108.1	108.4	108.9
% Ch	1.5	-2.1	2.1	-2.1	-1.7	1.1	1.0	1.9
Nonmanufacturing	2,189.4	2,205.2	2,224.2	2,241.5	2,260.1	2,267.6	2,297.0	2,313.6
% Ch	3.3	2.9	3.5	3.1	3.4	1.3	5.3	2.9
Construction	140.7	141.6	144.5	147.9	150.2	152.7	155.0	157.3
% Ch	6.0	2.7	8.2	9.8	6.4	6.8	6.2	6.1
Services	698.7	706.2	712.1	720.1	727.5	732.7	745.1	753.6
% Ch	3.8	4.4	3.4	4.6	4.1	2.9	7.0	4.6
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	49.182	43.726	43.654	46.346	40.969	48.847	40.247	40.945
% Ch	86.5	-37.5	-0.7	27.0	-38.9	102.1	-53.9	7.1
Single-Family	29.501	29.453	28.210	27.412	28.353	29.032	27.876	27.183
% Ch	-2.2	-0.6	-15.9	-10.8	14.5	9.9	-15.0	-9.6
Multi-Family	19.681	14.273	15.445	18.934	12.616	19.815	12.371	13.762
% Ch	530.4	-72.3	37.1	125.9	-80.3	508.4	-84.8	53.1
Mortgage Rate (%)	7.05	7.09	6.86	6.77	6.88	7.21	7.80	7.83

Table A1.4
Washington Economic Forecast Summary
 Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Real Income (Billions of Chained 1996 Dollars)								
Real Personal Income	171.250	171.235	170.269	172.843	171.251	175.038	173.000	172.986
% Ch	0.9	-0.0	-2.2	6.2	-3.6	9.1	-4.6	-0.0
Real Wage and Salary Disb.	102.994	102.004	100.431	102.583	100.614	104.098	101.372	101.350
% Ch	-0.9	-3.8	-6.0	8.9	-7.5	14.6	-10.1	-0.1
Real Nonwage Income	68.254	69.231	69.838	70.258	70.637	70.940	71.628	71.635
% Ch	3.7	5.8	3.6	2.4	2.2	1.7	3.9	0.0
Real Per Capita Income (\$/Person)	29,054	28,953	28,691	29,026	28,662	29,213	28,791	28,708
% Ch	-0.2	-1.4	-3.6	4.8	-4.9	7.9	-5.6	-1.2
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.066	1.072	1.078	1.084	1.092	1.096	1.095	1.102
% Ch	4.0	2.1	2.4	1.9	3.2	1.3	-0.4	2.7
Seattle Cons. Price Index (1982-84=1.0)	1.763	1.782	1.802	1.820	1.838	1.850	1.867	1.873
% Ch	3.6	4.4	4.6	4.0	4.1	2.5	3.7	1.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	16.52	16.60	16.80	17.14	17.29	17.59	17.80	17.88
% Ch	5.8	1.8	4.8	8.5	3.5	7.0	5.0	1.7
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	182.213	183.225	183.085	186.887	186.567	191.321	188.850	190.072
% Ch	4.4	2.2	-0.3	8.6	-0.7	10.6	-5.1	2.6
Personal Income	182.632	183.572	183.620	187.297	187.043	191.816	189.400	190.645
% Ch	4.9	2.1	0.1	8.3	-0.5	10.6	-4.9	2.7
Disposable Personal Income	154.569	155.222	155.135	158.062	157.923	162.070	163.571	162.045
% Ch	3.9	1.7	-0.2	7.8	-0.4	10.9	3.8	-3.7
Per Capita Income (\$/Person)	30,985	31,039	30,941	31,454	31,305	32,013	31,521	31,639
% Ch	3.8	0.7	-1.3	6.8	-1.9	9.4	-6.0	1.5
Employment (Thousands)								
Washington Civilian Labor Force	3,042.3	3,031.7	3,034.8	3,074.4	3,098.8	3,072.3	3,026.8	3,031.5
Total Washington Employment	2,885.8	2,873.0	2,874.5	2,918.4	2,931.1	2,894.2	2,844.6	2,826.2
Unemployment Rate (%)	5.14	5.23	5.28	5.07	5.41	5.80	6.02	6.77
Wage and Salary Employment	2,689.6	2,709.3	2,715.7	2,722.4	2,730.5	2,709.0	2,706.5	2,695.5
% Ch	2.6	3.0	1.0	1.0	1.2	-3.1	-0.4	-1.6
Manufacturing	350.8	353.9	350.7	347.8	344.2	337.3	334.8	328.7
% Ch	-8.3	3.6	-3.7	-3.2	-4.1	-7.8	-2.9	-7.1
Durable Manufacturing	242.3	245.5	243.0	241.7	238.9	234.4	232.3	228.0
% Ch	-11.2	5.4	-4.0	-2.1	-4.4	-7.4	-3.4	-7.2
Aerospace	84.0	87.8	86.9	86.3	86.6	87.5	88.6	87.5
% Ch	-30.9	19.1	-3.9	-2.8	1.6	4.3	5.1	-5.1
Nondurable Manufacturing	108.6	108.5	107.7	106.2	105.3	102.9	102.5	100.7
% Ch	-1.3	-0.3	-2.9	-5.5	-3.4	-8.6	-1.6	-6.8
Nonmanufacturing	2,338.8	2,355.3	2,365.1	2,374.6	2,386.3	2,371.7	2,371.7	2,366.7
% Ch	4.4	2.9	1.7	1.6	2.0	-2.4	-0.0	-0.8
Construction	161.2	160.8	159.7	162.3	163.5	159.2	158.0	156.6
% Ch	10.3	-1.1	-2.6	6.6	3.1	-10.2	-3.0	-3.3
Services	766.2	772.6	782.5	789.0	790.1	782.0	782.2	784.0
% Ch	6.9	3.4	5.2	3.4	0.6	-4.0	0.1	0.9
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	39.313	36.767	38.430	41.573	43.390	40.955	39.568	34.525
% Ch	-15.0	-23.5	19.4	36.9	18.7	-20.6	-12.9	-42.0
Single-Family	25.648	24.843	25.479	25.914	30.586	27.806	27.805	25.488
% Ch	-20.7	-12.0	10.6	7.0	94.1	-31.7	-0.0	-29.4
Multi-Family	13.665	11.924	12.951	15.659	12.804	13.149	11.763	9.038
% Ch	-2.8	-42.0	39.1	113.7	-55.3	11.2	-36.0	-65.1
Mortgage Rate (%)	8.26	8.32	8.03	7.64	7.01	7.13	6.97	6.46

Table A1.4
Washington Economic Forecast Summary
 Forecast 2001 to 2003

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Real Income (Billions of Chained 1996 Dollars)								
Real Personal Income	172.802	172.884	173.668	174.906	176.754	178.437	179.771	181.114
% Ch	-0.4	0.2	1.8	2.9	4.3	3.9	3.0	3.0
Real Wage and Salary Disb.	101.316	101.322	101.632	102.219	103.078	103.956	104.809	105.601
% Ch	-0.1	0.0	1.2	2.3	3.4	3.5	3.3	3.1
Real Nonwage Income	71.487	71.562	72.036	72.688	73.676	74.480	74.962	75.513
% Ch	-0.8	0.4	2.7	3.7	5.5	4.4	2.6	3.0
Real Per Capita Income (\$/Person)	28,597	28,530	28,580	28,704	28,926	29,118	29,251	29,382
% Ch	-1.5	-0.9	0.7	1.7	3.1	2.7	1.8	1.8
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.105	1.110	1.115	1.121	1.128	1.134	1.141	1.148
% Ch	1.2	1.7	1.6	2.3	2.3	2.3	2.6	2.5
Seattle Cons. Price Index (1982-84=1.0)	1.879	1.885	1.892	1.901	1.911	1.921	1.932	1.943
% Ch	1.3	1.4	1.3	2.1	2.1	2.1	2.4	2.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	17.92	17.96	18.01	18.06	18.12	18.18	18.24	18.31
% Ch	1.0	0.9	1.1	1.1	1.4	1.2	1.5	1.4
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	190.416	191.306	192.944	195.452	198.637	201.665	204.438	207.255
% Ch	0.7	1.9	3.5	5.3	6.7	6.2	5.6	5.6
Personal Income	191.019	191.925	193.578	196.085	199.298	202.328	205.131	207.934
% Ch	0.8	1.9	3.5	5.3	6.7	6.2	5.7	5.6
Disposable Personal Income	164.291	164.136	165.643	167.947	170.875	173.741	176.229	178.677
% Ch	5.7	-0.4	3.7	5.7	7.2	6.9	5.9	5.7
Per Capita Income (\$/Person)	31,612	31,672	31,857	32,180	32,615	33,017	33,377	33,733
% Ch	-0.3	0.8	2.3	4.1	5.5	5.0	4.4	4.3
Employment (Thousands)								
Washington Civilian Labor Force	3,034.9	3,039.2	3,046.0	3,054.8	3,065.6	3,077.1	3,088.0	3,101.0
Total Washington Employment	2,819.7	2,815.2	2,815.5	2,819.8	2,827.6	2,836.7	2,844.4	2,855.8
Unemployment Rate (%)	7.09	7.37	7.57	7.69	7.76	7.81	7.89	7.91
Wage and Salary Employment	2,690.1	2,686.7	2,687.7	2,692.5	2,700.6	2,709.8	2,717.8	2,729.3
% Ch	-0.8	-0.5	0.2	0.7	1.2	1.4	1.2	1.7
Manufacturing	319.8	313.6	308.3	306.0	306.3	307.8	310.5	313.1
% Ch	-10.4	-7.5	-6.6	-3.0	0.5	1.9	3.6	3.3
Durable Manufacturing	219.8	213.8	208.8	206.5	206.3	206.7	208.1	209.3
% Ch	-13.6	-10.5	-9.1	-4.4	-0.4	0.8	2.8	2.3
Aerospace	80.9	75.7	71.3	68.6	67.1	65.8	65.4	65.0
% Ch	-26.7	-23.4	-21.6	-14.3	-8.2	-7.4	-2.8	-2.4
Nondurable Manufacturing	100.0	99.8	99.5	99.5	100.1	101.1	102.4	103.7
% Ch	-3.0	-0.6	-1.3	-0.1	2.4	4.2	5.2	5.4
Nonmanufacturing	2,370.3	2,373.1	2,379.4	2,386.5	2,394.3	2,402.1	2,407.3	2,416.2
% Ch	0.6	0.5	1.1	1.2	1.3	1.3	0.9	1.5
Construction	153.9	152.3	151.7	152.1	151.9	151.4	151.0	150.9
% Ch	-6.7	-4.2	-1.5	0.9	-0.5	-1.3	-1.1	-0.1
Services	790.5	795.1	802.0	809.0	816.7	823.2	828.5	834.6
% Ch	3.3	2.4	3.5	3.5	3.9	3.2	2.6	3.0
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	36.602	37.492	37.354	36.026	35.069	35.152	35.359	36.510
% Ch	26.3	10.1	-1.5	-13.5	-10.2	1.0	2.4	13.7
Single-Family	26.378	26.512	26.037	24.886	23.535	23.152	23.092	23.441
% Ch	14.7	2.1	-7.0	-16.5	-20.0	-6.4	-1.0	6.2
Multi-Family	10.224	10.979	11.317	11.140	11.534	12.000	12.267	13.069
% Ch	63.8	33.0	12.9	-6.1	14.9	17.2	9.2	28.8
Mortgage Rate (%)	6.25	6.29	6.47	6.85	7.43	7.74	7.91	8.03

Table A2.1

U.S. Nonagricultural Employment by Industry

Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Wage and Salary Employment	119.59	122.68	125.84	128.90	131.76	132.25	131.72	133.01
% Ch	2.0	2.6	2.6	2.4	2.2	0.4	-0.4	1.0
Manufacturing	18.49	18.67	18.81	18.55	18.47	17.68	16.45	16.66
% Ch	-0.2	1.0	0.7	-1.3	-0.5	-4.3	-7.0	1.3
Nondurable Manufacturing	7.71	7.66	7.60	7.44	7.33	7.03	6.61	6.79
% Ch	-1.7	-0.5	-0.8	-2.1	-1.5	-4.1	-6.0	2.8
Food and Kindred Products	1.69	1.68	1.68	1.68	1.68	1.68	1.62	1.65
% Ch	-0.0	-0.4	-0.1	-0.0	0.1	-0.5	-3.3	1.8
Pulp and Paper	0.68	0.68	0.68	0.67	0.66	0.63	0.59	0.59
% Ch	-1.3	-0.1	-0.8	-1.4	-1.7	-3.7	-6.2	0.1
Apparel	0.87	0.82	0.77	0.69	0.63	0.56	0.50	0.48
% Ch	-7.2	-5.1	-7.1	-9.9	-8.3	-10.8	-12.3	-2.8
Printing	1.54	1.55	1.56	1.55	1.55	1.49	1.42	1.46
% Ch	-0.3	0.8	0.8	-0.8	-0.3	-3.5	-4.8	2.4
Chemicals	1.03	1.04	1.04	1.04	1.04	1.03	0.98	1.02
% Ch	-0.4	0.2	0.7	-0.7	0.2	-0.9	-5.1	4.3
Other Nondurables	1.89	1.88	1.87	1.81	1.77	1.64	1.50	1.59
% Ch	-2.5	-0.2	-1.0	-2.8	-2.3	-7.6	-8.2	6.0
Durable Manufacturing	10.79	11.01	11.21	11.11	11.14	10.65	9.84	9.87
% Ch	1.0	2.0	1.8	-0.8	0.2	-4.4	-7.6	0.3
Lumber and Wood	0.78	0.80	0.81	0.83	0.83	0.80	0.76	0.78
% Ch	1.1	2.3	2.2	2.6	-0.3	-4.4	-4.3	2.7
Furniture	0.50	0.51	0.53	0.55	0.56	0.53	0.49	0.48
% Ch	-1.1	1.5	4.0	2.9	1.9	-5.1	-8.3	-0.6
Stone-Clay-Glass	0.54	0.55	0.56	0.57	0.58	0.57	0.54	0.55
% Ch	0.7	1.7	1.7	0.9	2.1	-1.6	-5.0	1.4
Primary Metals	0.71	0.71	0.71	0.70	0.70	0.65	0.62	0.63
% Ch	-0.2	0.0	0.6	-2.2	-0.2	-6.3	-5.3	1.8
Fabricated Metals	1.45	1.48	1.51	1.52	1.54	1.48	1.42	1.45
% Ch	0.8	2.0	2.1	0.8	1.0	-3.7	-4.1	2.4
Nonelectrical Machinery	2.11	2.17	2.21	2.14	2.12	2.00	1.69	1.43
% Ch	2.3	2.5	1.8	-3.2	-0.8	-5.6	-15.5	-15.6
Electrical Machinery	1.66	1.69	1.71	1.67	1.72	1.62	1.55	1.74
% Ch	2.2	1.7	1.1	-2.1	2.8	-5.8	-4.4	12.3
Transportation Equipment	1.78	1.85	1.89	1.89	1.85	1.75	1.56	1.57
% Ch	-0.3	3.4	2.6	-0.3	-2.0	-5.6	-10.5	0.6
Instruments	0.86	0.87	0.87	0.86	0.85	0.87	0.85	0.86
% Ch	1.4	1.2	0.8	-2.0	-0.3	1.6	-2.5	1.9
Other Durables	0.39	0.39	0.39	0.39	0.39	0.38	0.36	0.37
% Ch	-0.6	0.9	0.9	-0.9	0.7	-2.6	-6.1	1.7
Nonmanufacturing	101.10	104.00	107.04	110.35	113.29	114.57	115.27	116.35
% Ch	2.5	2.9	2.9	3.1	2.7	1.1	0.6	0.9
Mining	0.58	0.60	0.59	0.54	0.54	0.56	0.50	0.48
% Ch	-0.2	2.9	-1.1	-8.7	0.6	2.7	-10.6	-3.1
Construction	5.42	5.69	6.02	6.41	6.70	6.83	6.66	6.58
% Ch	4.8	5.1	5.7	6.6	4.5	2.0	-2.5	-1.1
Trans., Comm. and Utilities	6.25	6.41	6.61	6.83	7.02	7.08	6.97	6.96
% Ch	2.0	2.4	3.2	3.4	2.7	0.8	-1.5	-0.2
Wholesale Trade	6.48	6.65	6.80	6.91	7.02	7.01	6.92	6.95
% Ch	1.7	2.6	2.3	1.6	1.6	-0.1	-1.3	0.5
Retail Trade	21.59	21.97	22.30	22.85	23.31	23.53	23.51	23.47
% Ch	1.9	1.7	1.5	2.5	2.0	1.0	-0.1	-0.2
Finance-Insurance-Real Estate	6.91	7.11	7.39	7.56	7.56	7.63	7.69	7.71
% Ch	1.5	2.8	3.9	2.3	0.1	0.9	0.8	0.2
Services	34.46	36.04	37.53	39.05	40.46	41.05	41.81	42.95
% Ch	4.0	4.6	4.1	4.1	3.6	1.5	1.8	2.7
State and Local Government	16.65	16.85	17.13	17.53	17.89	18.25	18.58	18.60
% Ch	1.1	1.2	1.6	2.3	2.1	2.0	1.8	0.1
Federal Government	2.75	2.70	2.69	2.67	2.78	2.62	2.63	2.64
% Ch	-2.3	-2.1	-0.5	-0.6	4.2	-5.7	0.5	0.4

Table A2.2

U.S. Nonagricultural Employment by Industry

Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Wage and Salary Employment	124.73	125.50	126.18	126.97	127.78	128.50	129.22	130.11
% Ch	2.5	2.5	2.2	2.6	2.5	2.3	2.2	2.8
Manufacturing	18.87	18.87	18.76	18.71	18.64	18.56	18.52	18.50
% Ch	1.6	-0.0	-2.3	-1.1	-1.6	-1.6	-0.8	-0.6
Nondurable Manufacturing	7.65	7.62	7.59	7.54	7.50	7.45	7.42	7.40
% Ch	-0.5	-1.1	-2.0	-2.4	-1.9	-2.8	-1.8	-0.7
Food and Kindred Products	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.69
% Ch	-0.6	0.6	-0.2	-0.1	0.1	-0.9	-0.8	4.0
Pulp and Paper	0.68	0.68	0.68	0.67	0.67	0.67	0.67	0.66
% Ch	-0.2	-1.4	-1.8	-2.0	-0.6	-0.6	-1.8	-3.2
Apparel	0.79	0.77	0.76	0.74	0.72	0.70	0.68	0.66
% Ch	-6.6	-9.2	-8.3	-11.0	-9.9	-10.4	-9.6	-9.1
Printing	1.56	1.57	1.57	1.56	1.56	1.55	1.55	1.55
% Ch	1.6	0.9	-0.3	-1.2	-0.6	-2.3	0.3	-0.4
Chemicals	1.04	1.04	1.05	1.04	1.04	1.03	1.03	1.04
% Ch	0.4	1.2	0.9	-1.3	-1.7	-1.3	-0.6	1.0
Other Nondurables	1.89	1.88	1.86	1.84	1.83	1.82	1.81	1.80
% Ch	-0.1	-2.0	-4.1	-2.6	-2.3	-3.5	-2.1	-2.0
Durable Manufacturing	11.23	11.25	11.18	11.17	11.13	11.11	11.11	11.09
% Ch	3.0	0.7	-2.5	-0.2	-1.3	-0.8	-0.1	-0.6
Lumber and Wood	0.81	0.81	0.81	0.82	0.83	0.83	0.84	0.84
% Ch	2.9	2.2	0.5	3.5	4.5	1.5	1.9	1.9
Furniture	0.53	0.53	0.53	0.54	0.54	0.55	0.55	0.55
% Ch	6.1	5.7	1.0	2.8	3.8	2.2	3.5	1.2
Stone-Clay-Glass	0.56	0.56	0.56	0.56	0.56	0.56	0.57	0.57
% Ch	3.9	0.7	0.5	2.2	-0.7	-0.2	2.6	4.5
Primary Metals	0.72	0.72	0.71	0.71	0.70	0.70	0.70	0.70
% Ch	2.1	-0.4	-2.4	-3.7	-2.6	-1.5	-1.9	-0.0
Fabricated Metals	1.51	1.51	1.51	1.51	1.52	1.52	1.53	1.52
% Ch	3.0	1.0	-0.7	1.0	1.6	0.1	1.9	-0.3
Nonelectrical Machinery	2.22	2.22	2.21	2.18	2.15	2.14	2.13	2.12
% Ch	3.3	0.4	-2.5	-4.0	-5.2	-1.7	-2.6	-2.5
Electrical Machinery	1.72	1.72	1.70	1.68	1.67	1.67	1.67	1.68
% Ch	3.1	-0.9	-4.3	-4.9	-2.7	1.0	-1.2	1.7
Transportation Equipment	1.89	1.90	1.87	1.91	1.90	1.88	1.89	1.87
% Ch	3.0	1.0	-6.3	8.6	-1.7	-3.1	1.5	-3.5
Instruments	0.88	0.88	0.87	0.87	0.86	0.86	0.85	0.85
% Ch	1.4	0.3	-1.8	-3.0	-1.1	-2.6	-2.8	-2.6
Other Durables	0.40	0.40	0.40	0.39	0.39	0.39	0.39	0.39
% Ch	2.7	0.7	0.3	-5.3	0.0	0.0	-0.7	2.4
Nonmanufacturing	105.86	106.63	107.41	108.26	109.14	109.94	110.69	111.61
% Ch	2.7	2.9	3.0	3.2	3.3	3.0	2.8	3.4
Mining	0.60	0.60	0.59	0.57	0.55	0.54	0.53	0.53
% Ch	1.8	-4.8	-6.7	-8.4	-14.1	-10.2	-3.9	0.8
Construction	5.86	5.96	6.07	6.19	6.29	6.38	6.45	6.54
% Ch	5.2	6.8	7.6	8.3	6.4	6.2	4.2	5.8
Trans., Comm. and Utilities	6.52	6.58	6.64	6.69	6.75	6.81	6.86	6.91
% Ch	2.8	3.6	3.4	3.5	3.6	3.0	3.2	3.2
Wholesale Trade	6.76	6.80	6.81	6.83	6.87	6.89	6.93	6.96
% Ch	3.0	1.9	0.8	1.4	2.0	1.5	2.0	1.7
Retail Trade	22.15	22.23	22.35	22.46	22.64	22.79	22.90	23.07
% Ch	0.7	1.5	2.2	1.9	3.2	2.7	2.0	2.9
Finance-Insurance-Real Estate	7.28	7.36	7.43	7.48	7.52	7.55	7.57	7.58
% Ch	4.1	4.6	3.4	3.0	2.2	1.7	1.0	0.2
Services	37.00	37.34	37.69	38.07	38.46	38.85	39.21	39.66
% Ch	4.1	3.8	3.7	4.2	4.2	4.1	3.7	4.7
State and Local Government	17.00	17.09	17.17	17.25	17.35	17.46	17.59	17.72
% Ch	1.2	2.0	1.9	1.9	2.4	2.5	3.0	3.0
Federal Government	2.67	2.67	2.68	2.71	2.70	2.67	2.65	2.65
% Ch	-1.8	-0.0	1.6	4.3	-1.1	-5.0	-2.6	-0.9

Table A2.2

U.S. Nonagricultural Employment by Industry

Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Wage and Salary Employment	130.98	131.85	131.93	132.26	132.56	132.48	132.34	131.61
% Ch	2.7	2.7	0.2	1.0	0.9	-0.2	-0.4	-2.2
Manufacturing	18.50	18.51	18.49	18.38	18.19	17.88	17.55	17.09
% Ch	0.2	0.1	-0.5	-2.3	-4.1	-6.6	-7.1	-10.1
Nondurable Manufacturing	7.38	7.36	7.32	7.26	7.20	7.10	7.02	6.81
% Ch	-1.1	-1.1	-2.5	-3.0	-3.5	-5.3	-4.5	-11.5
Food and Kindred Products	1.69	1.69	1.68	1.68	1.69	1.69	1.68	1.66
% Ch	-0.5	-0.4	-2.3	0.0	1.4	-0.1	-1.9	-5.2
Pulp and Paper	0.66	0.66	0.66	0.65	0.65	0.64	0.63	0.62
% Ch	-1.0	-1.6	-1.6	-1.0	-4.6	-4.7	-5.5	-7.2
Apparel	0.65	0.64	0.63	0.61	0.59	0.58	0.56	0.53
% Ch	-7.2	-6.0	-8.8	-10.4	-9.9	-12.2	-11.3	-19.1
Printing	1.55	1.55	1.55	1.54	1.53	1.50	1.48	1.46
% Ch	-0.2	0.3	0.0	-2.2	-3.1	-6.6	-5.6	-5.3
Chemicals	1.04	1.04	1.04	1.04	1.04	1.03	1.04	1.01
% Ch	0.9	0.0	-0.6	0.8	0.3	-1.9	0.5	-11.0
Other Nondurables	1.79	1.79	1.77	1.74	1.70	1.67	1.64	1.54
% Ch	-1.2	-1.6	-3.8	-6.5	-7.8	-8.8	-6.4	-21.9
Durable Manufacturing	11.12	11.15	11.17	11.12	10.99	10.78	10.53	10.28
% Ch	1.0	1.0	0.8	-1.9	-4.5	-7.4	-8.8	-9.2
Lumber and Wood	0.84	0.84	0.83	0.82	0.80	0.80	0.79	0.79
% Ch	0.8	-1.7	-3.5	-6.9	-7.1	-1.5	-1.8	-3.2
Furniture	0.56	0.56	0.56	0.56	0.55	0.54	0.52	0.51
% Ch	2.4	2.2	1.9	-3.1	-5.2	-8.0	-12.3	-7.6
Stone-Clay-Glass	0.58	0.58	0.58	0.58	0.58	0.57	0.57	0.56
% Ch	4.5	-0.5	0.7	-2.1	0.9	-2.7	-4.6	-6.1
Primary Metals	0.70	0.70	0.70	0.69	0.68	0.66	0.64	0.63
% Ch	2.5	-0.6	-1.1	-4.3	-7.7	-9.5	-9.9	-5.5
Fabricated Metals	1.53	1.54	1.54	1.54	1.52	1.49	1.47	1.45
% Ch	1.6	2.6	0.7	-1.5	-5.1	-6.9	-5.4	-6.3
Nonelectrical Machinery	2.11	2.12	2.13	2.12	2.10	2.05	1.98	1.87
% Ch	-0.6	0.3	2.8	-1.7	-3.6	-9.1	-12.9	-20.7
Electrical Machinery	1.69	1.71	1.74	1.74	1.73	1.65	1.57	1.53
% Ch	3.8	4.6	6.5	0.2	-2.8	-15.4	-19.5	-8.5
Transportation Equipment	1.87	1.87	1.84	1.82	1.78	1.76	1.75	1.70
% Ch	-0.7	-1.0	-6.1	-3.7	-9.1	-4.4	-2.2	-10.8
Instruments	0.84	0.85	0.86	0.86	0.87	0.87	0.86	0.87
% Ch	-1.9	1.9	4.8	3.6	3.0	-2.4	-3.2	6.6
Other Durables	0.39	0.39	0.39	0.40	0.39	0.39	0.38	0.37
% Ch	1.0	-1.3	2.4	0.3	-3.7	-2.7	-6.4	-10.3
Nonmanufacturing	112.48	113.34	113.44	113.89	114.37	114.60	114.79	114.52
% Ch	3.1	3.1	0.3	1.6	1.7	0.8	0.6	-0.9
Mining	0.53	0.54	0.54	0.55	0.55	0.56	0.57	0.54
% Ch	1.0	5.1	2.0	3.7	3.7	6.7	3.6	-16.5
Construction	6.66	6.66	6.70	6.78	6.88	6.87	6.86	6.73
% Ch	7.9	-0.4	2.6	4.6	6.1	-0.7	-0.1	-7.5
Trans., Comm. and Utilities	6.96	7.00	7.02	7.09	7.12	7.12	7.08	6.99
% Ch	2.9	2.2	1.0	4.2	1.5	0.2	-2.1	-5.3
Wholesale Trade	6.98	7.01	7.04	7.07	7.07	7.04	7.00	6.95
% Ch	1.5	1.6	1.6	1.7	-0.0	-1.6	-1.8	-3.1
Retail Trade	23.20	23.29	23.34	23.39	23.45	23.55	23.57	23.56
% Ch	2.3	1.5	1.0	0.9	0.9	1.7	0.4	-0.2
Finance-Insurance-Real Estate	7.57	7.55	7.55	7.58	7.61	7.63	7.62	7.66
% Ch	-0.2	-1.2	-0.1	1.5	1.7	1.4	-0.6	1.8
Services	40.03	40.36	40.61	40.84	41.03	41.05	41.09	41.03
% Ch	3.8	3.3	2.6	2.2	1.9	0.3	0.4	-0.6
State and Local Government	17.80	17.86	17.94	17.98	18.06	18.17	18.36	18.43
% Ch	2.0	1.3	1.7	0.9	1.9	2.4	4.2	1.6
Federal Government	2.73	3.08	2.70	2.62	2.61	2.62	2.62	2.63
% Ch	12.5	62.2	-40.7	-11.4	-0.7	0.4	1.3	0.4

Table A2.2

U.S. Nonagricultural Employment by Industry

Forecast 2001 to 2003

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Wage and Salary Employment	131.58	131.59	131.75	131.95	132.28	132.77	133.17	133.82
% Ch	-0.1	0.0	0.5	0.6	1.0	1.5	1.2	2.0
Manufacturing	16.72	16.50	16.30	16.26	16.34	16.54	16.77	16.97
% Ch	-8.5	-5.1	-4.7	-1.0	2.0	4.9	5.8	4.7
Nondurable Manufacturing	6.68	6.62	6.57	6.56	6.62	6.73	6.86	6.96
% Ch	-7.2	-3.5	-3.2	-0.3	3.5	6.8	7.6	6.3
Food and Kindred Products	1.64	1.62	1.61	1.61	1.62	1.64	1.66	1.68
% Ch	-4.8	-3.0	-2.8	-0.3	2.3	4.5	5.8	3.9
Pulp and Paper	0.61	0.60	0.59	0.58	0.58	0.59	0.60	0.61
% Ch	-6.9	-6.1	-6.7	-3.0	0.4	4.2	5.9	5.3
Apparel	0.51	0.50	0.50	0.48	0.48	0.48	0.48	0.48
% Ch	-17.1	-3.5	-4.5	-12.1	0.1	1.2	0.4	1.7
Printing	1.44	1.43	1.41	1.41	1.42	1.44	1.47	1.50
% Ch	-4.5	-4.3	-5.0	-0.9	2.9	6.8	8.6	7.9
Chemicals	0.99	0.98	0.97	0.97	0.98	1.01	1.03	1.06
% Ch	-6.0	-4.6	-4.5	0.8	5.3	10.0	11.0	9.3
Other Nondurables	1.50	1.50	1.50	1.52	1.54	1.58	1.61	1.64
% Ch	-9.7	-1.6	0.7	4.7	6.7	10.1	9.4	7.4
Durable Manufacturing	10.03	9.88	9.73	9.70	9.72	9.81	9.92	10.01
% Ch	-9.4	-6.1	-5.7	-1.4	1.0	3.6	4.5	3.6
Lumber and Wood	0.77	0.76	0.75	0.76	0.76	0.77	0.79	0.80
% Ch	-7.2	-5.3	-4.5	0.4	3.7	6.9	7.7	6.5
Furniture	0.50	0.49	0.48	0.48	0.48	0.48	0.49	0.49
% Ch	-8.6	-7.6	-7.6	-3.6	-0.3	4.0	4.7	5.0
Stone-Clay-Glass	0.55	0.54	0.54	0.54	0.54	0.55	0.55	0.56
% Ch	-6.7	-4.3	-4.8	-0.4	2.3	4.8	5.2	5.2
Primary Metals	0.63	0.62	0.61	0.61	0.62	0.63	0.64	0.64
% Ch	-3.3	-5.1	-4.3	-0.6	2.5	5.6	6.8	4.8
Fabricated Metals	1.43	1.42	1.41	1.41	1.42	1.44	1.47	1.48
% Ch	-4.0	-1.8	-3.6	-0.1	3.2	6.0	6.4	5.2
Nonelectrical Machinery	1.80	1.74	1.66	1.57	1.50	1.43	1.39	1.39
% Ch	-13.9	-13.6	-17.3	-19.2	-16.8	-18.0	-9.4	-0.9
Electrical Machinery	1.50	1.52	1.55	1.62	1.67	1.73	1.78	1.79
% Ch	-8.4	6.2	8.4	17.8	12.4	15.1	12.0	3.5
Transportation Equipment	1.63	1.57	1.53	1.53	1.54	1.57	1.59	1.60
% Ch	-16.2	-14.0	-7.8	-2.1	3.2	8.1	4.6	2.8
Instruments	0.86	0.85	0.84	0.84	0.84	0.86	0.87	0.88
% Ch	-5.6	-4.9	-6.2	0.5	3.4	6.0	5.8	4.5
Other Durables	0.37	0.36	0.36	0.36	0.36	0.36	0.37	0.37
% Ch	-6.7	-4.3	-5.2	-0.2	3.1	5.3	5.2	4.3
Nonmanufacturing	114.87	115.09	115.45	115.68	115.94	116.23	116.39	116.85
% Ch	1.2	0.8	1.3	0.8	0.9	1.0	0.6	1.6
Mining	0.51	0.50	0.49	0.49	0.49	0.49	0.48	0.48
% Ch	-19.8	-13.8	-2.3	-1.1	-1.7	-2.4	-4.2	-4.4
Construction	6.66	6.65	6.67	6.65	6.60	6.58	6.55	6.60
% Ch	-4.0	-0.5	1.0	-1.0	-2.9	-1.6	-1.5	3.1
Trans., Comm. and Utilities	6.99	6.98	6.97	6.95	6.93	6.94	6.96	7.01
% Ch	0.1	-0.6	-0.7	-1.3	-0.9	0.4	1.5	3.0
Wholesale Trade	6.93	6.91	6.92	6.93	6.94	6.95	6.95	6.98
% Ch	-1.2	-1.4	0.7	0.6	0.4	0.7	0.4	1.6
Retail Trade	23.52	23.53	23.52	23.48	23.45	23.48	23.44	23.52
% Ch	-0.7	0.1	-0.1	-0.6	-0.7	0.6	-0.7	1.3
Finance-Insurance-Real Estate	7.68	7.68	7.70	7.71	7.70	7.70	7.70	7.72
% Ch	1.3	0.2	1.1	0.3	-0.2	-0.5	0.4	1.0
Services	41.41	41.63	41.94	42.24	42.59	42.86	43.05	43.28
% Ch	3.8	2.2	3.0	2.9	3.4	2.5	1.7	2.2
State and Local Government	18.53	18.58	18.61	18.60	18.59	18.60	18.61	18.61
% Ch	2.1	1.1	0.6	-0.2	-0.1	0.1	0.2	0.1
Federal Government	2.63	2.63	2.63	2.64	2.64	2.64	2.64	2.65
% Ch	0.3	0.3	0.3	0.6	0.5	0.4	0.3	0.3

Table A2.3
Washington Nonagricultural Employment by Industry
 Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Wage and Salary Employment	2,415.6	2,514.2	2,594.7	2,648.7	2,709.2	2,710.4	2,689.3	2,714.4
% Ch	2.9	4.1	3.2	2.1	2.3	0.0	-0.8	0.9
Manufacturing	344.8	370.0	379.6	364.1	350.8	336.3	311.9	309.4
% Ch	3.7	7.3	2.6	-4.1	-3.7	-4.1	-7.2	-0.8
Nondurable Manufacturing	109.7	108.8	108.6	108.3	107.7	102.9	99.7	101.8
% Ch	1.1	-0.9	-0.2	-0.2	-0.6	-4.5	-3.1	2.2
Food and Kindred Products	42.4	41.3	40.7	41.1	41.3	40.2	39.1	40.2
% Ch	0.8	-2.5	-1.4	0.9	0.5	-2.7	-2.6	2.6
Pulp and Paper	16.8	16.3	16.2	15.9	15.6	14.6	14.4	14.5
% Ch	-2.5	-3.1	-0.7	-2.0	-1.7	-6.1	-1.5	0.3
Apparel	9.6	10.1	9.6	8.7	8.1	7.2	6.5	6.4
% Ch	4.3	5.9	-5.5	-8.9	-7.3	-10.7	-10.0	-1.1
Printing	24.4	24.2	24.4	24.2	24.3	23.0	21.8	22.4
% Ch	1.4	-1.0	0.9	-0.9	0.4	-5.2	-5.5	2.8
Chemicals	5.6	5.7	6.0	6.2	6.1	6.0	6.0	6.4
% Ch	1.3	0.9	6.1	3.0	-0.7	-2.6	0.5	6.8
Other Nondurables	10.9	11.2	11.7	12.3	12.3	11.8	11.8	12.0
% Ch	5.0	2.3	4.5	4.8	0.3	-4.3	0.4	1.3
Durable Manufacturing	235.0	261.3	271.0	255.8	243.1	233.4	212.3	207.6
% Ch	5.0	11.2	3.7	-5.6	-5.0	-4.0	-9.1	-2.2
Lumber and Wood	35.2	35.6	34.2	33.9	33.0	30.6	29.2	29.8
% Ch	-0.7	1.2	-4.1	-0.7	-2.7	-7.4	-4.5	2.2
Furniture	4.0	4.1	4.7	4.7	4.9	4.5	4.3	4.3
% Ch	6.5	3.1	14.5	1.4	2.4	-8.2	-3.3	0.3
Stone-Clay-Glass	9.0	9.5	9.1	8.9	9.1	8.7	8.4	8.3
% Ch	1.9	5.8	-4.0	-2.7	2.6	-4.3	-4.1	-0.9
Primary Metals	11.5	11.6	12.0	11.7	11.0	9.3	8.6	8.6
% Ch	2.4	1.2	3.0	-2.4	-5.8	-15.2	-7.3	-1.0
Fabricated Metals	13.3	14.3	14.8	14.6	15.0	14.3	13.9	14.3
% Ch	1.7	7.4	3.7	-1.2	2.3	-4.2	-2.8	2.9
Nonelectrical Machinery	24.4	26.6	26.1	25.1	25.3	23.9	21.8	22.7
% Ch	11.6	8.9	-1.8	-3.8	0.6	-5.5	-8.7	4.2
Electrical Machinery	15.3	17.0	18.5	18.5	20.0	18.9	17.0	17.9
% Ch	9.4	11.0	8.8	-0.3	8.5	-5.7	-9.8	4.9
Aerospace	86.3	105.0	112.4	98.9	86.2	87.6	74.1	65.8
% Ch	7.7	21.6	7.1	-12.0	-12.8	1.5	-15.3	-11.2
Other Trans. Equip.	14.1	14.5	15.6	15.9	15.1	12.9	12.3	12.5
% Ch	-4.5	2.9	7.6	1.7	-4.7	-14.8	-4.7	1.6
Instruments	13.7	14.5	14.9	14.8	14.7	14.7	14.7	15.2
% Ch	6.6	5.9	2.7	-0.7	-0.9	0.6	-0.2	2.9
Other Durables	8.3	8.5	8.7	8.8	8.8	8.0	7.8	8.2
% Ch	4.9	3.3	1.6	1.2	0.0	-9.0	-2.3	4.7
Nonmanufacturing	2,070.8	2,144.2	2,215.1	2,284.6	2,358.4	2,374.1	2,377.3	2,405.0
% Ch	2.8	3.5	3.3	3.1	3.2	0.7	0.1	1.2
Mining	3.4	3.5	3.3	3.1	3.6	3.4	3.5	3.5
% Ch	1.2	2.7	-6.1	-4.2	13.1	-3.5	1.0	-0.4
Construction	127.8	136.3	143.7	153.8	161.0	159.3	152.5	151.3
% Ch	4.8	6.6	5.4	7.1	4.7	-1.0	-4.3	-0.8
Trans., Comm. and Utilities	124.9	132.8	135.6	139.7	146.1	147.5	146.0	147.2
% Ch	4.4	6.3	2.1	3.0	4.6	1.0	-1.0	0.8
Wholesale Trade	144.4	149.6	153.1	154.1	155.4	157.1	153.5	153.5
% Ch	1.3	3.6	2.3	0.7	0.8	1.1	-2.2	-0.0
Retail Trade	446.5	457.4	469.6	482.0	494.3	494.7	492.2	494.3
% Ch	2.1	2.4	2.7	2.6	2.5	0.1	-0.5	0.4
Finance-Insurance-Real Estate	123.9	127.7	134.6	137.6	137.3	139.3	139.7	142.2
% Ch	2.0	3.0	5.4	2.2	-0.2	1.4	0.3	1.8
Services	649.1	678.8	709.3	739.7	777.6	784.6	799.1	825.8
% Ch	4.1	4.6	4.5	4.3	5.1	0.9	1.9	3.3
State and Local Government	382.1	390.2	398.8	406.9	413.3	420.0	421.1	417.3
% Ch	2.0	2.1	2.2	2.0	1.6	1.6	0.3	-0.9
Federal Government	68.6	67.9	67.2	67.6	69.9	68.2	69.7	70.0
% Ch	-2.1	-1.1	-0.9	0.5	3.4	-2.4	2.2	0.5

Table A2.4
Washington Nonagricultural Employment by Industry
 Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Wage and Salary Employment	2,570.8	2,586.7	2,604.5	2,616.6	2,630.7	2,633.6	2,658.4	2,672.1
% Ch	3.5	2.5	2.8	1.9	2.2	0.5	3.8	2.1
Manufacturing	381.4	381.5	380.2	375.1	370.6	366.1	361.4	358.5
% Ch	4.4	0.0	-1.3	-5.3	-4.8	-4.8	-5.0	-3.2
Nondurable Manufacturing	108.9	108.3	108.9	108.3	107.8	108.1	108.4	108.9
% Ch	1.5	-2.1	2.1	-2.1	-1.7	1.1	1.0	1.9
Food and Kindred Products	40.6	40.3	40.9	41.0	40.9	41.0	41.2	41.4
% Ch	-4.3	-3.3	6.8	0.9	-1.5	1.1	2.1	1.5
Pulp and Paper	16.4	16.2	16.1	16.0	15.8	15.9	15.9	15.9
% Ch	4.6	2.8	1.4	-4.2	-2.4	0.1	-0.3	3.3
Apparel	10.1	9.8	9.5	9.0	8.8	8.6	8.7	8.8
% Ch	-3.6	-10.3	-14.1	-19.7	-6.5	-7.4	3.3	2.9
Printing	24.3	24.4	24.5	24.3	24.1	24.1	24.1	24.3
% Ch	4.6	2.8	1.4	-4.2	-2.4	0.1	-0.3	3.3
Chemicals	6.0	6.0	6.0	6.0	6.1	6.1	6.2	6.3
% Ch	17.2	-1.7	5.9	-0.8	3.1	4.7	4.5	5.9
Other Nondurables	11.5	11.6	11.8	12.0	12.2	12.3	12.3	12.3
% Ch	9.7	3.8	5.8	7.7	5.9	5.2	-0.5	0.6
Durable Manufacturing	272.6	273.2	271.3	266.8	262.7	257.9	253.0	249.6
% Ch	5.6	0.9	-2.6	-6.5	-6.0	-7.1	-7.5	-5.3
Lumber and Wood	34.6	34.3	33.6	34.1	34.0	34.0	33.9	33.8
% Ch	-9.1	-3.7	-7.2	5.3	-1.3	-0.0	-1.1	-1.1
Furniture	4.6	4.7	4.7	4.8	4.8	4.7	4.7	4.7
% Ch	49.2	4.6	2.6	7.8	-0.3	-4.8	3.2	0.2
Stone-Clay-Glass	9.6	9.3	9.0	8.8	8.8	8.8	9.0	9.1
% Ch	-5.5	-11.9	-13.0	-7.8	-0.6	1.4	9.2	3.1
Primary Metals	12.3	12.2	12.2	11.2	11.6	11.9	11.7	11.6
% Ch	16.8	-2.0	-0.6	-30.0	16.4	9.2	-6.6	-1.1
Fabricated Metals	14.9	15.0	14.7	14.7	14.5	14.4	14.7	14.9
% Ch	3.2	2.6	-6.0	-2.2	-3.1	-3.1	7.7	4.3
Nonelectrical Machinery	27.2	26.4	25.6	25.2	25.0	25.0	25.2	25.3
% Ch	3.7	-10.9	-11.3	-6.7	-2.6	-0.2	2.3	2.1
Electrical Machinery	18.2	18.5	18.7	18.6	18.5	18.5	18.4	18.5
% Ch	9.4	6.5	4.7	-2.3	-3.3	1.6	-3.1	2.1
Aerospace	112.4	113.7	113.2	110.3	106.3	101.1	96.0	92.1
% Ch	7.4	4.7	-1.5	-10.1	-13.5	-18.4	-18.6	-15.3
Other Trans. Equip.	15.1	15.4	16.0	16.0	15.9	16.0	15.9	15.8
% Ch	13.1	9.4	14.9	1.4	-3.5	3.6	-4.1	-1.4
Instruments	15.0	14.9	14.8	14.8	14.8	14.9	14.8	14.8
% Ch	9.9	-2.5	-2.6	-2.4	0.0	3.2	-3.0	-0.0
Other Durables	8.7	8.8	8.7	8.5	8.6	8.6	8.8	9.0
% Ch	9.1	3.6	-4.2	-9.0	4.8	2.1	9.2	10.0
Nonmanufacturing	2,189.4	2,205.2	2,224.2	2,241.5	2,260.1	2,267.6	2,297.0	2,313.6
% Ch	3.3	2.9	3.5	3.1	3.4	1.3	5.3	2.9
Mining	3.3	3.3	3.2	3.3	3.4	3.1	2.9	3.3
% Ch	-14.7	-1.3	-7.0	2.2	12.6	-32.3	-17.2	58.0
Construction	140.7	141.6	144.5	147.9	150.2	152.7	155.0	157.3
% Ch	6.0	2.7	8.2	9.8	6.4	6.8	6.2	6.1
Trans., Comm. and Utilities	134.3	135.1	135.8	137.3	137.9	138.0	140.4	142.6
% Ch	0.3	2.5	2.3	4.3	1.9	0.3	7.1	6.3
Wholesale Trade	152.5	153.2	153.2	153.4	154.3	153.6	154.0	154.6
% Ch	1.6	2.1	-0.2	0.5	2.5	-2.0	1.1	1.7
Retail Trade	465.1	468.2	470.9	474.3	478.6	478.2	483.4	487.8
% Ch	3.0	2.7	2.4	2.9	3.7	-0.4	4.4	3.7
Finance-Insurance-Real Estate	131.8	133.8	135.5	137.1	137.5	137.2	137.4	138.0
% Ch	6.7	6.2	5.2	4.6	1.3	-0.8	0.5	1.8
Services	698.7	706.2	712.1	720.1	727.5	732.7	745.1	753.6
% Ch	3.8	4.4	3.4	4.6	4.1	2.9	7.0	4.6
State and Local Government	395.6	397.0	401.8	400.8	402.6	404.9	411.4	408.7
% Ch	3.8	1.4	4.9	-1.0	1.9	2.3	6.5	-2.6
Federal Government	67.5	66.8	67.2	67.5	68.1	67.3	67.4	67.7
% Ch	-3.1	-4.0	2.6	1.5	3.9	-4.9	0.5	2.1

Table A2.4
Washington Nonagricultural Employment by Industry
 Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Wage and Salary Employment	2,689.6	2,709.3	2,715.7	2,722.4	2,730.5	2,709.0	2,706.5	2,695.5
% Ch	2.6	3.0	1.0	1.0	1.2	-3.1	-0.4	-1.6
Manufacturing	350.8	353.9	350.7	347.8	344.2	337.3	334.8	328.7
% Ch	-8.3	3.6	-3.7	-3.2	-4.1	-7.8	-2.9	-7.1
Nondurable Manufacturing	108.6	108.5	107.7	106.2	105.3	102.9	102.5	100.7
% Ch	-1.3	-0.3	-2.9	-5.5	-3.4	-8.6	-1.6	-6.8
Food and Kindred Products	41.1	41.8	41.7	40.6	40.7	40.2	40.5	39.4
% Ch	-2.8	7.8	-1.2	-10.0	1.0	-5.5	3.8	-11.0
Pulp and Paper	15.7	15.7	15.6	15.4	15.0	14.8	14.3	14.4
% Ch	-4.8	0.4	-2.9	-3.6	-10.8	-5.1	-12.2	2.5
Apparel	8.5	8.3	7.9	7.7	7.6	7.4	7.2	6.8
% Ch	-13.6	-8.2	-15.6	-11.2	-5.9	-12.0	-9.9	-18.8
Printing	24.4	24.3	24.3	24.1	23.9	23.0	22.7	22.4
% Ch	1.4	-1.2	-0.8	-2.7	-2.6	-14.2	-6.0	-5.4
Chemicals	6.2	6.0	6.1	6.2	6.0	6.0	6.0	5.9
% Ch	-3.8	-14.0	7.0	6.0	-9.6	-6.1	3.5	-4.8
Other Nondurables	12.7	12.3	12.1	12.1	11.9	11.6	11.8	11.8
% Ch	14.2	-11.5	-8.7	0.5	-4.6	-10.7	5.7	0.9
Durable Manufacturing	242.3	245.5	243.0	241.7	238.9	234.4	232.3	228.0
% Ch	-11.2	5.4	-4.0	-2.1	-4.4	-7.4	-3.4	-7.2
Lumber and Wood	33.9	33.7	32.6	31.8	31.3	30.7	30.3	30.0
% Ch	1.8	-2.7	-12.9	-9.2	-5.3	-8.4	-5.0	-4.0
Furniture	4.9	4.9	4.8	4.8	4.7	4.5	4.3	4.4
% Ch	10.3	3.2	-4.7	-2.2	-13.0	-12.8	-13.7	2.8
Stone-Clay-Glass	9.3	9.2	9.0	9.0	9.1	8.8	8.6	8.5
% Ch	10.1	-3.4	-7.5	0.2	1.7	-11.2	-9.1	-4.5
Primary Metals	11.3	11.0	10.6	11.1	9.8	9.4	9.2	8.8
% Ch	-10.9	-10.3	-12.5	18.4	-38.2	-16.0	-7.0	-17.6
Fabricated Metals	14.8	14.9	15.1	15.0	15.0	14.4	14.1	14.0
% Ch	-1.1	3.4	3.4	-0.4	-2.3	-15.2	-6.8	-4.3
Nonelectrical Machinery	25.2	25.4	25.3	25.2	24.7	24.2	23.6	23.0
% Ch	-1.1	3.2	-1.9	-1.7	-7.4	-8.3	-9.0	-10.2
Electrical Machinery	19.4	19.8	20.3	20.7	20.9	19.2	18.1	17.4
% Ch	20.3	8.7	11.4	7.4	3.6	-28.3	-20.9	-14.8
Aerospace	84.0	87.8	86.9	86.3	86.6	87.5	88.6	87.5
% Ch	-30.9	19.1	-3.9	-2.8	1.6	4.3	5.1	-5.1
Other Trans. Equip.	16.0	15.5	14.8	14.3	13.9	12.8	12.7	12.3
% Ch	4.1	-11.0	-17.0	-11.9	-11.3	-29.1	-3.3	-11.0
Instruments	14.4	14.6	14.8	14.8	14.6	14.9	14.9	14.6
% Ch	-8.1	4.3	5.3	-0.0	-5.3	8.1	-0.2	-6.5
Other Durables	9.1	8.7	8.8	8.6	8.4	8.1	7.9	7.6
% Ch	0.9	-16.2	4.3	-6.2	-11.7	-13.1	-8.7	-12.0
Nonmanufacturing	2,338.8	2,355.3	2,365.1	2,374.6	2,386.3	2,371.7	2,371.7	2,366.7
% Ch	4.4	2.9	1.7	1.6	2.0	-2.4	-0.0	-0.8
Mining	3.6	3.6	3.6	3.5	3.3	3.5	3.4	3.5
% Ch	42.5	6.8	-3.4	-13.9	-15.6	17.8	-4.5	16.7
Construction	161.2	160.8	159.7	162.3	163.5	159.2	158.0	156.6
% Ch	10.3	-1.1	-2.6	6.6	3.1	-10.2	-3.0	-3.3
Trans., Comm. and Utilities	143.8	145.2	146.7	148.9	148.9	148.0	146.9	146.4
% Ch	3.5	3.9	4.4	6.0	0.1	-2.4	-3.0	-1.2
Wholesale Trade	154.1	155.0	155.3	157.1	159.7	157.6	156.1	154.8
% Ch	-1.3	2.3	0.7	4.7	6.9	-5.2	-3.7	-3.3
Retail Trade	493.0	496.1	494.0	493.9	498.6	496.4	491.9	492.0
% Ch	4.3	2.5	-1.6	-0.1	3.8	-1.8	-3.5	0.1
Finance-Insurance-Real Estate	138.0	137.1	136.8	137.3	139.3	139.5	138.8	139.5
% Ch	-0.1	-2.5	-1.0	1.5	6.1	0.4	-2.0	2.0
Services	766.2	772.6	782.5	789.0	790.1	782.0	782.2	784.0
% Ch	6.9	3.4	5.2	3.4	0.6	-4.0	0.1	0.9
State and Local Government	411.2	410.5	417.0	414.8	415.6	418.0	426.1	420.3
% Ch	2.4	-0.7	6.5	-2.1	0.8	2.4	7.9	-5.3
Federal Government	67.7	74.4	69.5	67.9	67.3	67.6	68.4	69.6
% Ch	0.2	45.8	-23.9	-8.9	-3.6	1.7	4.6	7.2

Table A2.4
Washington Nonagricultural Employment by Industry
 Forecast 2001 to 2003

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Wage and Salary Employment	2,690.1	2,686.7	2,687.7	2,692.5	2,700.6	2,709.8	2,717.8	2,729.3
% Ch	-0.8	-0.5	0.2	0.7	1.2	1.4	1.2	1.7
Manufacturing	319.8	313.6	308.3	306.0	306.3	307.8	310.5	313.1
% Ch	-10.4	-7.5	-6.6	-3.0	0.5	1.9	3.6	3.3
Nondurable Manufacturing	100.0	99.8	99.5	99.5	100.1	101.1	102.4	103.7
% Ch	-3.0	-0.6	-1.3	-0.1	2.4	4.2	5.2	5.4
Food and Kindred Products	39.2	39.1	39.1	39.2	39.5	39.9	40.4	40.8
% Ch	-2.3	-0.3	-0.2	1.1	3.1	4.2	4.9	4.6
Pulp and Paper	14.4	14.4	14.4	14.4	14.4	14.4	14.5	14.5
% Ch	-0.9	1.1	0.4	-0.0	-0.1	0.2	0.7	1.3
Apparel	6.6	6.6	6.5	6.4	6.4	6.4	6.4	6.5
% Ch	-12.5	-1.1	-2.4	-9.1	0.9	1.9	1.7	3.9
Printing	22.1	21.9	21.6	21.5	21.6	22.0	22.6	23.1
% Ch	-4.9	-4.1	-5.8	-1.2	3.0	7.6	10.3	10.3
Chemicals	6.0	6.0	6.0	6.1	6.2	6.3	6.5	6.7
% Ch	1.5	2.9	1.8	4.4	6.8	9.7	10.9	10.7
Other Nondurables	11.8	11.8	11.8	11.9	11.9	11.9	12.0	12.1
% Ch	-0.6	1.2	1.0	1.0	1.0	1.5	2.0	2.2
Durable Manufacturing	219.8	213.8	208.8	206.5	206.3	206.7	208.1	209.3
% Ch	-13.6	-10.5	-9.1	-4.4	-0.4	0.8	2.8	2.3
Lumber and Wood	29.5	29.2	29.0	29.0	29.2	29.6	30.0	30.4
% Ch	-5.7	-4.2	-3.3	0.5	3.0	5.5	6.0	5.0
Furniture	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.4
% Ch	-3.5	-1.0	-0.6	0.5	0.1	0.4	1.0	2.5
Stone-Clay-Glass	8.4	8.4	8.4	8.3	8.3	8.3	8.3	8.3
% Ch	-2.6	-2.4	-1.7	-0.6	-0.5	-1.1	-0.8	0.4
Primary Metals	8.7	8.7	8.6	8.6	8.5	8.5	8.6	8.6
% Ch	-4.2	-2.0	-2.3	-2.1	-2.6	-0.4	2.7	3.2
Fabricated Metals	13.9	13.9	13.9	14.0	14.1	14.3	14.4	14.6
% Ch	-0.8	0.7	-0.9	1.8	3.5	4.5	5.2	4.2
Nonelectrical Machinery	22.3	21.9	21.6	21.5	21.9	22.5	23.0	23.5
% Ch	-11.7	-7.5	-5.0	-2.2	9.1	9.9	10.2	8.0
Electrical Machinery	17.1	17.0	16.9	17.1	17.3	17.7	18.1	18.4
% Ch	-6.7	-2.5	-1.1	4.3	4.8	8.2	10.2	6.9
Aerospace	80.9	75.7	71.3	68.6	67.1	65.8	65.4	65.0
% Ch	-26.7	-23.4	-21.6	-14.3	-8.2	-7.4	-2.8	-2.4
Other Trans. Equip.	12.3	12.3	12.3	12.4	12.4	12.5	12.5	12.6
% Ch	-0.6	0.1	0.7	1.9	2.1	2.2	1.5	1.1
Instruments	14.6	14.7	14.7	14.8	15.0	15.1	15.2	15.3
% Ch	-0.2	1.7	1.2	3.4	3.7	3.5	2.7	2.3
Other Durables	7.7	7.8	7.8	7.9	8.0	8.1	8.2	8.3
% Ch	2.1	4.2	4.2	4.8	5.0	4.9	4.4	4.5
Nonmanufacturing	2,370.3	2,373.1	2,379.4	2,386.5	2,394.3	2,402.1	2,407.3	2,416.2
% Ch	0.6	0.5	1.1	1.2	1.3	1.3	0.9	1.5
Mining	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
% Ch	-4.7	-4.3	-2.1	-0.1	0.5	0.3	0.0	0.2
Construction	153.9	152.3	151.7	152.1	151.9	151.4	151.0	150.9
% Ch	-6.7	-4.2	-1.5	0.9	-0.5	-1.3	-1.1	-0.1
Trans., Comm. and Utilities	146.1	145.9	145.9	146.1	146.5	147.0	147.3	147.9
% Ch	-0.9	-0.6	0.0	0.6	1.1	1.2	1.1	1.5
Wholesale Trade	154.1	153.5	153.3	153.3	153.4	153.4	153.4	153.6
% Ch	-1.9	-1.6	-0.4	0.0	0.2	0.1	0.0	0.4
Retail Trade	491.6	492.2	492.5	492.6	492.6	494.0	494.1	496.3
% Ch	-0.3	0.4	0.3	0.1	-0.0	1.2	0.1	1.8
Finance-Insurance-Real Estate	139.5	139.3	139.6	140.3	141.2	141.9	142.5	143.2
% Ch	0.0	-0.6	0.8	2.2	2.4	2.1	1.8	2.0
Services	790.5	795.1	802.0	809.0	816.7	823.2	828.5	834.6
% Ch	3.3	2.4	3.5	3.5	3.9	3.2	2.6	3.0
State and Local Government	421.5	421.7	421.2	419.9	418.7	417.7	416.8	416.0
% Ch	1.2	0.2	-0.4	-1.3	-1.1	-1.0	-0.8	-0.8
Federal Government	69.6	69.7	69.7	69.9	69.9	70.0	70.1	70.1
% Ch	0.4	0.4	0.4	0.6	0.5	0.4	0.4	0.4

Table A3.1
U.S. Personal Income by Component
 Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Personal Income	6,547.4	6,937.0	7,426.0	7,777.3	8,319.2	8,735.5	8,961.6	9,462.6
% Ch	5.6	6.0	7.0	4.7	7.0	5.0	2.6	5.6
Total Wage and Salary Disbursements	3,626.5	3,888.9	4,192.8	4,472.2	4,837.2	5,105.5	5,239.8	5,516.1
% Ch	5.9	7.2	7.8	6.7	8.2	5.5	2.6	5.3
Nonwage Personal Income	2,920.9	3,048.1	3,233.2	3,305.0	3,482.0	3,630.0	3,721.8	3,946.5
% Ch	5.2	4.4	6.1	2.2	5.4	4.3	2.5	6.0
Other Labor Income	490.0	475.4	490.6	509.7	534.2	552.8	562.9	587.6
% Ch	-1.4	-3.0	3.2	3.9	4.8	3.5	1.8	4.4
Proprietor's Income	544.8	581.2	623.8	672.0	715.0	745.5	785.5	844.7
% Ch	9.5	6.7	7.3	7.7	6.4	4.3	5.4	7.5
Farm	34.3	29.7	25.6	26.6	30.6	29.6	29.5	29.9
% Ch	54.4	-13.3	-13.9	3.8	15.1	-3.3	-0.3	1.4
Nonfarm	510.5	551.5	598.2	645.4	684.4	715.9	756.0	814.8
% Ch	7.4	8.0	8.5	7.9	6.0	4.6	5.6	7.8
Less: Pers Cont. For Social Ins.	280.4	297.9	316.3	337.1	357.7	373.8	380.7	399.6
% Ch	4.3	6.2	6.2	6.6	6.1	4.5	1.9	5.0
Dividends/Int./Rent	1,237.7	1,327.2	1,451.4	1,440.8	1,521.4	1,554.0	1,520.5	1,617.3
% Ch	6.3	7.2	9.4	-0.7	5.6	2.1	-2.2	6.4
Transfer Payments	928.8	962.2	983.7	1,019.6	1,069.1	1,151.4	1,233.6	1,296.5
% Ch	4.8	3.6	2.2	3.6	4.9	7.7	7.1	5.1

Table A3.2
U.S. Personal Income by Component
 Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Personal Income	7,254.8	7,382.8	7,490.7	7,575.8	7,631.4	7,719.6	7,818.7	7,939.3
% Ch	9.1	7.2	6.0	4.6	3.0	4.7	5.2	6.3
Total Wage and Salary Disbursements	4,085.8	4,156.5	4,228.4	4,300.5	4,357.6	4,428.7	4,511.9	4,590.7
% Ch	8.6	7.1	7.1	7.0	5.4	6.7	7.7	7.2
Nonwage Personal Income	3,169.0	3,226.3	3,262.3	3,275.3	3,273.8	3,290.9	3,306.8	3,348.6
% Ch	9.9	7.4	4.5	1.6	-0.2	2.1	1.9	5.2
Other Labor Income	483.3	488.2	493.2	497.7	502.9	507.5	512.0	516.6
% Ch	9.9	4.2	4.1	3.8	4.2	3.7	3.6	3.6
Proprietor's Income	606.9	617.6	627.0	643.8	653.1	668.0	677.2	689.7
% Ch	10.0	7.2	6.3	11.1	5.9	9.4	5.6	7.6
Farm	24.1	24.9	25.4	27.9	27.4	27.5	25.2	26.2
% Ch	-51.8	15.6	8.0	45.6	-7.6	1.7	-29.6	17.2
Nonfarm	582.9	592.6	601.6	615.8	625.7	640.5	652.0	663.5
% Ch	14.2	6.9	6.2	9.8	6.6	9.8	7.4	7.3
Less: Pers Cont. For Social Ins.	310.3	314.2	318.3	322.4	330.2	334.7	339.6	343.9
% Ch	7.7	5.1	5.3	5.3	10.0	5.5	6.0	5.2
Dividends/Int./Rent	1,410.1	1,453.7	1,474.8	1,467.1	1,439.3	1,433.7	1,434.0	1,456.4
% Ch	12.7	12.9	5.9	-2.1	-7.4	-1.5	0.1	6.4
Transfer Payments	979.1	981.0	985.7	989.1	1,008.8	1,016.4	1,023.2	1,029.9
% Ch	5.1	0.8	1.9	1.4	8.2	3.1	2.7	2.7

Table A3.2

U.S. Personal Income by Component

Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Personal Income	8,104.4	8,271.0	8,381.5	8,519.6	8,640.2	8,714.6	8,777.3	8,809.8
% Ch	8.6	8.5	5.5	6.8	5.8	3.5	2.9	1.5
Total Wage and Salary Disbursements	4,701.9	4,797.9	4,875.8	4,973.2	5,049.4	5,099.8	5,129.4	5,143.2
% Ch	10.0	8.4	6.6	8.2	6.3	4.0	2.3	1.1
Nonwage Personal Income	3,402.6	3,473.1	3,505.8	3,546.5	3,590.7	3,614.8	3,647.8	3,666.5
% Ch	6.6	8.6	3.8	4.7	5.1	2.7	3.7	2.1
Other Labor Income	523.7	530.1	537.9	544.9	549.3	552.2	555.3	554.7
% Ch	5.6	5.0	6.0	5.3	3.2	2.2	2.2	-0.4
Proprietor's Income	697.6	717.9	719.3	725.2	735.2	745.3	752.3	749.0
% Ch	4.6	12.2	0.8	3.3	5.6	5.6	3.8	-1.7
Farm	26.5	32.5	31.6	31.7	29.8	28.7	31.8	27.9
% Ch	4.7	124.3	-9.6	0.9	-21.8	-14.3	51.3	-40.7
Nonfarm	671.0	685.4	687.6	693.5	705.4	716.6	720.5	721.1
% Ch	4.6	8.9	1.3	3.4	7.0	6.5	2.2	0.4
Less: Pers Cont. For Social Ins.	351.3	355.8	359.4	364.1	372.1	374.0	374.6	374.4
% Ch	8.9	5.2	4.1	5.3	9.0	2.1	0.7	-0.3
Dividends/Int./Rent	1,486.3	1,514.6	1,533.4	1,551.5	1,555.3	1,551.9	1,554.9	1,553.9
% Ch	8.5	7.8	5.1	4.8	1.0	-0.9	0.8	-0.3
Transfer Payments	1,046.3	1,066.3	1,074.6	1,089.0	1,123.1	1,139.4	1,160.0	1,183.3
% Ch	6.5	7.9	3.2	5.5	13.1	5.9	7.5	8.3

Table A3.2

U.S. Personal Income by Component

Forecast 2001 to 2003

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Personal Income	8,844.1	8,903.0	8,992.7	9,106.8	9,257.6	9,399.8	9,528.7	9,664.2
% Ch	1.6	2.7	4.1	5.2	6.8	6.3	5.6	5.8
Total Wage and Salary Disbursements	5,173.1	5,209.6	5,257.6	5,319.0	5,395.9	5,475.7	5,555.2	5,637.4
% Ch	2.3	2.9	3.7	4.8	5.9	6.0	5.9	6.0
Nonwage Personal Income	3,671.0	3,693.3	3,735.0	3,787.8	3,861.7	3,924.1	3,973.5	4,026.8
% Ch	0.5	2.5	4.6	5.8	8.0	6.6	5.1	5.5
Other Labor Income	555.5	559.5	565.4	571.0	577.4	584.5	590.9	597.7
% Ch	0.6	2.9	4.3	4.0	4.6	4.9	4.5	4.7
Proprietor's Income	761.1	776.4	793.7	810.9	828.4	840.5	849.6	860.4
% Ch	6.6	8.3	9.2	8.9	8.9	6.0	4.4	5.2
Farm	29.7	29.9	29.9	28.4	29.5	28.9	30.5	30.7
% Ch	27.7	2.6	0.8	-18.5	15.7	-7.4	23.8	1.9
Nonfarm	731.4	746.5	763.8	782.4	798.9	811.5	819.0	829.8
% Ch	5.8	8.5	9.6	10.1	8.7	6.5	3.7	5.3
Less: Pers Cont. for Social Ins.	376.3	378.7	381.9	386.1	391.4	396.9	402.3	408.0
% Ch	2.1	2.6	3.4	4.4	5.6	5.7	5.6	5.7
Dividends/Int./Rent	1,522.5	1,508.3	1,514.2	1,537.0	1,569.4	1,607.3	1,633.5	1,659.1
% Ch	-7.8	-3.7	1.6	6.2	8.7	10.0	6.7	6.4
Transfer Payments	1,208.2	1,227.8	1,243.6	1,255.0	1,277.8	1,288.7	1,301.9	1,317.5
% Ch	8.7	6.7	5.3	3.7	7.5	3.5	4.1	4.9

Table A3.3
Washington Personal Income by Component
 Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Personal Income	139.328	150.203	163.291	174.324	184.280	189.726	193.152	203.673
% Ch	7.4	7.8	8.7	6.8	5.7	3.0	1.8	5.4
Total Wage and Salary Disbursements	77.310	85.392	94.321	103.833	109.665	111.662	113.090	118.733
% Ch	7.9	10.5	10.5	10.1	5.6	1.8	1.3	5.0
Manufacturing	13.668	15.312	16.218	16.410	16.719	16.632	15.741	16.291
% Ch	8.0	12.0	5.9	1.2	1.9	-0.5	-5.4	3.5
Nondurable Manufacturing	3.570	3.732	3.800	4.062	4.425	4.202	4.219	4.507
% Ch	2.8	4.5	1.8	6.9	8.9	-5.0	0.4	6.8
Durable Manufacturing	10.098	11.580	12.418	12.348	12.294	12.431	11.521	11.784
% Ch	10.0	14.7	7.2	-0.6	-0.4	1.1	-7.3	2.3
Nonmanufacturing	60.310	66.551	74.587	83.648	89.089	90.971	93.115	98.028
% Ch	8.0	10.3	12.1	12.1	6.5	2.1	2.4	5.3
Other Private Wages	0.683	0.742	0.775	0.893	0.921	0.959	0.982	1.047
% Ch	-1.8	8.5	4.6	15.2	3.1	4.1	2.4	6.7
Farm Wages	0.775	0.849	0.876	0.984	0.961	1.025	1.068	1.114
% Ch	15.6	9.7	3.2	12.3	-2.3	6.7	4.2	4.3
Military Wages	1.873	1.938	1.865	1.898	1.975	2.075	2.184	2.252
% Ch	4.6	3.5	-3.8	1.7	4.1	5.1	5.3	3.1
Nonwage Personal Income	62.018	64.810	68.970	70.491	74.614	78.064	80.063	84.939
% Ch	6.9	4.5	6.4	2.2	5.8	4.6	2.6	6.1
Other Labor Income	10.015	10.187	10.549	10.997	11.331	11.351	11.445	11.868
% Ch	3.1	1.7	3.6	4.3	3.0	0.2	0.8	3.7
Proprietor's Income	11.587	11.691	12.557	13.347	14.250	14.896	15.717	16.888
% Ch	7.9	0.9	7.4	6.3	6.8	4.5	5.5	7.5
Farm	0.877	0.467	0.571	0.123	0.428	0.524	0.623	0.674
% Ch	57.2	-46.7	22.3	-78.5	247.8	22.4	18.9	8.2
Nonfarm	10.710	11.224	11.986	13.224	13.822	14.372	15.094	16.214
% Ch	5.2	4.8	6.8	10.3	4.5	4.0	5.0	7.4
Less: Pers. Cont. for Social Ins.	6.070	6.637	7.214	7.909	8.226	8.158	8.249	8.656
% Ch	6.1	9.4	8.7	9.6	4.0	-0.8	1.1	4.9
Plus: Residence Adjustment	1.474	1.645	1.793	2.114	2.332	2.528	2.619	2.724
% Ch	13.9	11.5	9.0	17.9	10.3	8.4	3.6	4.0
Dividends/Int./Rent	26.618	28.888	31.690	31.374	33.243	33.949	33.279	35.488
% Ch	9.1	8.5	9.7	-1.0	6.0	2.1	-2.0	6.6
Transfer Payments	18.394	19.037	19.595	20.567	21.684	23.500	25.251	26.628
% Ch	4.5	3.5	2.9	5.0	5.4	8.4	7.5	5.5
State U.I. Benefits	0.856	0.723	0.816	0.947	0.938	1.050	1.283	1.240
% Ch	-3.6	-15.6	12.9	16.1	-0.9	11.9	22.2	-3.4
Other Transfers	17.537	18.315	18.780	19.620	20.745	22.450	23.967	25.388
% Ch	4.9	4.4	2.5	4.5	5.7	8.2	6.8	5.9

Table A3.4
Washington Personal Income by Component
 Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Personal Income	158.453	162.232	165.793	166.687	169.852	170.533	176.468	180.444
% Ch	11.7	9.9	9.1	2.2	7.8	1.6	14.7	9.3
Total Wage and Salary Disbursements	91.023	93.465	96.090	96.708	100.137	100.337	105.851	109.006
% Ch	13.5	11.2	11.7	2.6	15.0	0.8	23.9	12.5
Manufacturing	15.874	16.239	16.537	16.221	16.287	16.423	16.556	16.373
% Ch	-0.8	9.5	7.5	-7.4	1.6	3.4	3.3	-4.3
Nondurable Manufacturing	3.728	3.713	3.838	3.922	3.850	4.062	4.091	4.245
% Ch	-1.9	-1.6	14.2	9.0	-7.1	23.9	2.9	15.9
Durable Manufacturing	12.146	12.526	12.699	12.299	12.437	12.361	12.465	12.128
% Ch	-0.5	13.1	5.6	-12.0	4.6	-2.4	3.4	-10.4
Nonmanufacturing	71.697	73.752	76.017	76.882	80.105	80.129	85.517	88.841
% Ch	18.1	12.0	12.9	4.6	17.9	0.1	29.7	16.5
Other Private Wages	0.747	0.746	0.784	0.824	0.870	0.898	0.884	0.921
% Ch	-6.7	-0.5	22.0	22.0	24.3	13.5	-6.1	17.8
Farm Wages	0.848	0.863	0.885	0.909	0.956	0.994	1.005	0.982
% Ch	-12.6	7.3	10.6	11.3	22.3	16.9	4.5	-8.8
Military Wages	1.857	1.865	1.867	1.872	1.919	1.893	1.889	1.889
% Ch	-0.4	1.7	0.4	1.1	10.4	-5.3	-0.8	0.0
Nonwage Personal Income	67.430	68.768	69.703	69.978	69.715	70.195	70.617	71.437
% Ch	9.3	8.2	5.6	1.6	-1.5	2.8	2.4	4.7
Other Labor Income	10.350	10.521	10.667	10.658	10.864	10.789	11.093	11.244
% Ch	9.5	6.8	5.7	-0.3	8.0	-2.7	11.8	5.6
Proprietor's Income	12.201	12.410	12.631	12.985	12.863	13.211	13.532	13.781
% Ch	7.1	7.0	7.3	11.7	-3.7	11.3	10.1	7.6
Farm	0.532	0.558	0.573	0.622	0.108	0.073	0.148	0.163
% Ch	80.5	21.0	11.2	38.8	-99.9	-79.1	1,589.5	47.1
Nonfarm	11.669	11.852	12.058	12.363	12.755	13.138	13.385	13.618
% Ch	4.7	6.4	7.1	10.5	13.3	12.6	7.7	7.1
Less: Pers. Cont. for Social Ins.	7.011	7.167	7.333	7.344	7.676	7.660	8.046	8.253
% Ch	12.5	9.2	9.6	0.6	19.3	-0.8	21.7	10.7
Plus: Residence Adjustment	1.794	1.782	1.771	1.824	2.059	2.132	2.113	2.153
% Ch	33.8	-2.6	-2.4	12.5	62.4	15.0	-3.5	7.8
Dividends/Int./Rent	30.636	31.755	32.293	32.075	31.348	31.183	31.269	31.696
% Ch	11.8	15.4	7.0	-2.7	-8.8	-2.1	1.1	5.6
Transfer Payments	19.460	19.467	19.674	19.780	20.257	20.540	20.655	20.816
% Ch	5.8	0.1	4.3	2.2	10.0	5.7	2.3	3.2
State U.I. Benefits	0.781	0.746	0.864	0.872	0.907	1.003	0.938	0.940
% Ch	18.2	-16.8	79.9	3.8	17.0	49.5	-23.5	0.9
Other Transfers	18.680	18.721	18.810	18.908	19.350	19.537	19.717	19.876
% Ch	5.3	0.9	1.9	2.1	9.7	3.9	3.7	3.3

Table A3.4
Washington Personal Income by Component
 Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Personal Income	182.632	183.572	183.620	187.297	187.043	191.816	189.400	190.645
% Ch	4.9	2.1	0.1	8.3	-0.5	10.6	-4.9	2.7
Total Wage and Salary Disbursements	109.840	109.353	108.306	111.162	109.892	114.076	110.982	111.697
% Ch	3.1	-1.8	-3.8	11.0	-4.5	16.1	-10.4	2.6
Manufacturing	16.458	16.285	16.713	17.419	17.149	16.491	16.522	16.368
% Ch	2.1	-4.1	10.9	18.0	-6.1	-14.5	0.8	-3.7
Nondurable Manufacturing	4.818	4.172	4.416	4.294	4.178	4.211	4.226	4.192
% Ch	65.9	-43.8	25.5	-10.6	-10.4	3.2	1.4	-3.2
Durable Manufacturing	11.640	12.113	12.297	13.125	12.971	12.279	12.296	12.176
% Ch	-15.1	17.3	6.2	29.8	-4.6	-19.7	0.5	-3.8
Nonmanufacturing	89.555	89.222	87.706	89.873	88.735	93.557	90.383	91.207
% Ch	3.3	-1.5	-6.6	10.3	-5.0	23.6	-12.9	3.7
Other Private Wages	0.907	0.935	0.924	0.919	0.976	0.939	0.953	0.967
% Ch	-5.9	12.9	-4.6	-2.1	27.3	-14.3	6.0	6.0
Farm Wages	0.970	0.967	0.959	0.949	0.978	1.026	1.041	1.056
% Ch	-4.8	-1.2	-3.3	-4.1	12.8	21.1	6.0	6.0
Military Wages	1.950	1.944	2.004	2.002	2.054	2.063	2.083	2.099
% Ch	13.6	-1.2	12.9	-0.4	10.8	1.8	4.0	3.1
Nonwage Personal Income	72.791	74.219	75.314	76.134	77.151	77.740	78.418	78.948
% Ch	7.8	8.1	6.0	4.4	5.5	3.1	3.5	2.7
Other Labor Income	11.278	11.274	11.274	11.497	11.331	11.320	11.382	11.370
% Ch	1.2	-0.1	0.0	8.1	-5.7	-0.4	2.2	-0.4
Proprietor's Income	14.038	14.174	14.380	14.410	14.642	14.880	15.012	15.048
% Ch	7.7	3.9	5.9	0.8	6.6	6.7	3.6	0.9
Farm	0.419	0.347	0.535	0.410	0.476	0.495	0.551	0.573
% Ch	4,266.2	-53.0	465.1	-65.5	81.7	16.9	53.1	17.1
Nonfarm	13.619	13.827	13.844	13.999	14.166	14.385	14.462	14.475
% Ch	0.0	6.3	0.5	4.6	4.9	6.3	2.2	0.4
Less: Pers. Cont. for Social Ins.	8.307	8.221	8.105	8.269	8.166	8.148	8.162	8.156
% Ch	2.6	-4.1	-5.5	8.3	-4.9	-0.9	0.7	-0.3
Plus: Residence Adjustment	2.221	2.317	2.388	2.402	2.487	2.524	2.536	2.564
% Ch	13.2	18.4	12.8	2.4	14.9	6.1	2.0	4.4
Dividends/Int./Rent	32.408	33.080	33.572	33.914	33.988	33.880	33.964	33.962
% Ch	9.3	8.6	6.1	4.1	0.9	-1.3	1.0	-0.0
Transfer Payments	21.153	21.595	21.806	22.181	22.869	23.284	23.685	24.161
% Ch	6.6	8.6	4.0	7.1	13.0	7.5	7.1	8.3
State U.I. Benefits	0.899	0.892	0.931	1.031	0.973	1.035	1.107	1.084
% Ch	-16.3	-3.1	18.7	50.4	-20.7	28.0	31.0	-8.2
Other Transfers	20.254	20.703	20.874	21.150	21.896	22.249	22.577	23.077
% Ch	7.8	9.2	3.3	5.4	14.9	6.6	6.0	9.2

Table A3.4
Washington Personal Income by Component
 Forecast 2001 to 2003

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Personal Income	191.019	191.925	193.578	196.085	199.298	202.328	205.131	207.934
% Ch	0.8	1.9	3.5	5.3	6.7	6.2	5.7	5.6
Total Wage and Salary Disbursements	111.997	112.482	113.284	114.596	116.226	117.876	119.594	121.238
% Ch	1.1	1.7	2.9	4.7	5.8	5.8	6.0	5.6
Manufacturing	15.972	15.753	15.596	15.642	15.845	16.107	16.453	16.760
% Ch	-9.3	-5.4	-3.9	1.2	5.3	6.8	8.9	7.7
Nondurable Manufacturing	4.179	4.203	4.224	4.271	4.348	4.447	4.561	4.671
% Ch	-1.2	2.2	2.0	4.5	7.5	9.4	10.7	10.0
Durable Manufacturing	11.793	11.551	11.372	11.371	11.497	11.660	11.891	12.088
% Ch	-12.0	-8.0	-6.1	-0.0	4.5	5.8	8.2	6.8
Nonmanufacturing	91.821	92.510	93.447	94.681	96.023	97.372	98.709	100.010
% Ch	2.7	3.0	4.1	5.4	5.8	5.7	5.6	5.4
Other Private Wages	0.969	0.974	0.984	1.000	1.020	1.039	1.057	1.074
% Ch	0.8	2.2	4.3	6.5	8.4	7.7	6.9	6.8
Farm Wages	1.058	1.063	1.070	1.081	1.095	1.108	1.120	1.133
% Ch	0.8	1.7	2.8	4.2	5.2	4.9	4.5	4.5
Military Wages	2.176	2.182	2.188	2.192	2.243	2.249	2.256	2.262
% Ch	15.5	1.1	1.1	0.8	9.5	1.1	1.2	1.2
Nonwage Personal Income	79.023	79.444	80.294	81.489	83.073	84.453	85.536	86.695
% Ch	0.4	2.1	4.4	6.1	8.0	6.8	5.2	5.5
Other Labor Income	11.348	11.387	11.472	11.573	11.690	11.809	11.928	12.044
% Ch	-0.8	1.4	3.0	3.5	4.1	4.1	4.1	3.9
Proprietor's Income	15.269	15.535	15.854	16.210	16.567	16.815	16.987	17.183
% Ch	6.0	7.1	8.5	9.3	9.1	6.1	4.1	4.7
Farm	0.604	0.620	0.635	0.633	0.662	0.663	0.692	0.679
% Ch	23.4	10.8	10.1	-1.0	19.2	0.8	19.0	-7.7
Nonfarm	14.665	14.915	15.219	15.577	15.905	16.152	16.294	16.504
% Ch	5.4	7.0	8.4	9.7	8.7	6.4	3.6	5.3
Less: Pers. Cont. for Social Ins.	8.174	8.205	8.261	8.355	8.474	8.594	8.719	8.839
% Ch	0.9	1.5	2.7	4.7	5.8	5.8	6.0	5.6
Plus: Residence Adjustment	2.584	2.607	2.630	2.656	2.683	2.710	2.738	2.766
% Ch	3.2	3.6	3.5	4.1	4.1	4.0	4.2	4.2
Dividends/Int./Rent	33.295	33.003	33.150	33.669	34.400	35.254	35.853	36.444
% Ch	-7.6	-3.5	1.8	6.4	9.0	10.3	7.0	6.8
Transfer Payments	24.700	25.117	25.449	25.736	26.207	26.458	26.750	27.096
% Ch	9.2	6.9	5.4	4.6	7.5	3.9	4.5	5.3
State U.I. Benefits	1.159	1.319	1.340	1.315	1.282	1.246	1.209	1.221
% Ch	30.7	68.0	6.3	-7.2	-9.6	-10.7	-11.4	4.0
Other Transfers	23.541	23.797	24.110	24.421	24.925	25.212	25.541	25.875
% Ch	8.3	4.4	5.4	5.3	8.5	4.7	5.3	5.3

Table A4.1
Selected Inflation Indicators
 (Deflator 1996=1.0; CPI 1982-84=1.0)

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1963	0.228	1.2	0.306	1.3	0.302	1.6
1964	0.231	1.4	0.310	1.3	0.306	1.3
1965	0.234	1.5	0.315	1.6	0.310	1.1
1966	0.240	2.6	0.325	3.0	0.319	3.0
1967	0.246	2.5	0.334	2.8	0.328	2.9
1968	0.256	3.9	0.348	4.2	0.342	4.1
1969	0.267	4.5	0.367	5.4	0.358	4.8
1970	0.280	4.7	0.388	5.9	0.374	4.5
1971	0.292	4.3	0.405	4.2	0.382	2.1
1972	0.302	3.5	0.418	3.3	0.393	2.9
1973	0.319	5.4	0.444	6.3	0.418	6.4
1974	0.351	10.3	0.493	11.0	0.464	11.0
1975	0.380	8.1	0.538	9.1	0.511	10.2
1976	0.401	5.5	0.569	5.8	0.539	5.5
1977	0.427	6.6	0.606	6.5	0.583	8.0
1978	0.458	7.1	0.652	7.6	0.640	9.9
1979	0.498	8.9	0.726	11.3	0.709	10.8
1980	0.552	10.8	0.824	13.5	0.827	16.7
1981	0.601	8.8	0.909	10.4	0.916	10.8
1982	0.635	5.6	0.965	6.2	0.978	6.7
1983	0.662	4.3	0.996	3.2	0.993	1.5
1984	0.686	3.7	1.039	4.4	1.030	3.8
1985	0.710	3.4	1.076	3.5	1.056	2.5
1986	0.727	2.4	1.097	1.9	1.066	1.0
1987	0.755	3.8	1.137	3.7	1.092	2.4
1988	0.784	3.9	1.184	4.1	1.128	3.3
1989	0.819	4.4	1.240	4.8	1.181	4.7
1990	0.856	4.6	1.308	5.4	1.268	7.3
1991	0.889	3.8	1.363	4.2	1.341	5.8
1992	0.916	3.0	1.404	3.0	1.390	3.7
1993	0.938	2.4	1.446	3.0	1.429	2.8
1994	0.957	2.0	1.483	2.6	1.478	3.4
1995	0.979	2.3	1.525	2.8	1.522	3.0
1996	1.000	2.1	1.570	2.9	1.575	3.4
1997	1.019	1.9	1.606	2.3	1.630	3.5
1998	1.030	1.1	1.631	1.5	1.678	2.9
1999	1.047	1.6	1.667	2.2	1.728	3.0
2000	1.075	2.7	1.723	3.4	1.792	3.7
Forecast						
2001	1.096	2.0	1.775	3.0	1.857	3.6
2002	1.113	1.5	1.808	1.9	1.889	1.7
2003	1.138	2.2	1.850	2.4	1.927	2.0

* Chain-Weight Implicit Price Deflator for Personal Consumption Expenditures

Consumer Price Index for all Urban Consumers

+ Consumer Price Index for the Seattle-Tacoma-Bremerton, WA CMSA

Table A4.2

Chain-Weighted Price Indices

(1996=1.0)

	Services		Food		Fuels		Gasoline	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
1963	0.181	1.4	0.227	1.4	0.147	1.9	0.230	-0.2
1964	0.184	1.8	0.232	1.9	0.146	-0.9	0.228	-0.7
1965	0.188	2.0	0.236	2.0	0.149	2.3	0.237	3.8
1966	0.193	2.9	0.246	4.2	0.153	2.5	0.243	2.3
1967	0.199	3.0	0.250	1.6	0.158	3.2	0.251	3.3
1968	0.207	4.2	0.259	3.7	0.162	3.0	0.254	1.5
1969	0.217	5.0	0.272	4.9	0.166	2.3	0.263	3.3
1970	0.229	5.3	0.288	6.1	0.173	4.2	0.265	0.9
1971	0.242	5.6	0.297	3.1	0.185	6.7	0.267	0.7
1972	0.252	4.3	0.311	4.5	0.186	0.8	0.270	1.3
1973	0.264	4.6	0.345	10.9	0.213	14.4	0.296	9.6
1974	0.285	7.9	0.393	14.2	0.338	58.3	0.400	35.1
1975	0.308	8.2	0.425	7.9	0.370	9.6	0.427	6.7
1976	0.329	6.8	0.439	3.3	0.395	6.8	0.445	4.2
1977	0.355	7.9	0.466	6.3	0.446	12.8	0.471	5.8
1978	0.383	7.9	0.509	9.1	0.469	5.1	0.491	4.3
1979	0.414	8.2	0.559	10.0	0.628	34.0	0.659	34.0
1980	0.459	10.7	0.608	8.7	0.874	39.2	0.914	38.8
1981	0.506	10.2	0.654	7.6	1.064	21.7	1.017	11.3
1982	0.548	8.4	0.677	3.5	1.052	-1.2	0.966	-5.1
1983	0.583	6.4	0.692	2.1	0.989	-6.0	0.934	-3.3
1984	0.614	5.2	0.715	3.3	1.011	2.3	0.920	-1.5
1985	0.644	4.9	0.729	2.0	0.976	-3.4	0.928	0.8
1986	0.673	4.6	0.750	2.9	0.787	-19.3	0.729	-21.5
1987	0.702	4.3	0.775	3.3	0.788	0.1	0.756	3.8
1988	0.736	4.9	0.801	3.4	0.790	0.3	0.763	0.8
1989	0.771	4.8	0.841	5.0	0.826	4.5	0.833	9.2
1990	0.809	5.0	0.882	4.8	0.986	19.4	0.948	13.8
1991	0.848	4.8	0.912	3.4	0.955	-3.2	0.936	-1.3
1992	0.885	4.3	0.922	1.2	0.921	-3.6	0.933	-0.4
1993	0.916	3.5	0.937	1.5	0.918	-0.3	0.923	-1.0
1994	0.942	2.8	0.952	1.6	0.903	-1.6	0.928	0.5
1995	0.973	3.3	0.973	2.2	0.896	-0.8	0.942	1.6
1996	1.000	2.8	1.000	2.8	1.000	11.6	1.000	6.1
1997	1.031	3.1	1.022	2.2	1.008	0.8	1.000	0.0
1998	1.055	2.3	1.040	1.8	0.915	-9.2	0.871	-12.9
1999	1.078	2.2	1.061	2.0	0.926	1.2	0.948	8.8
2000	1.111	3.1	1.086	2.4	1.293	39.5	1.211	27.8
Forecast								
2001	1.142	2.8	1.119	3.0	1.325	2.5	1.218	0.6
2002	1.170	2.4	1.137	1.6	1.253	-5.4	1.166	-4.2
2003	1.204	2.9	1.156	1.7	1.311	4.7	1.196	2.6

Table A5.1

Total Resident Population and Components of Change*

(Thousands)

	<u>Population</u>	<u>Change</u>	<u>Percent Change</u>	<u>Births</u>	<u>Deaths</u>	<u>Net Migration</u>
1970	3413.2	16.2	0.5	59.9	30.0	-13.7
1971	3436.3	23.1	0.7	60.0	29.8	-7.1
1972	3430.3	-6.0	-0.2	53.1	30.4	-28.7
1973	3444.3	14.0	0.4	47.7	30.4	-3.3
1974	3508.7	64.4	1.9	48.2	29.9	46.1
1975	3567.9	59.2	1.7	50.1	30.3	39.4
1976	3634.9	67.0	1.9	51.4	30.2	45.8
1977	3715.4	80.5	2.2	54.2	29.1	55.4
1978	3836.2	120.8	3.3	57.3	30.4	93.9
1979	3979.2	143.0	3.7	60.2	30.2	113.0
1980	4132.2	153.0	3.8	65.4	31.3	118.9
1981	4229.3	97.1	2.4	68.2	31.8	60.8
1982	4276.5	47.3	1.1	70.1	31.7	8.9
1983	4307.2	30.7	0.7	69.5	32.5	-6.2
1984	4354.1	46.8	1.1	68.5	33.2	11.6
1985	4415.8	61.7	1.4	69.1	34.0	26.6
1986	4462.2	46.4	1.1	70.2	34.0	10.2
1987	4527.1	64.9	1.5	69.3	34.4	30.0
1988	4616.9	89.8	2.0	71.0	36.0	54.8
1989	4728.1	111.2	2.4	73.0	36.0	74.2
1990	4866.7	138.6	2.9	76.4	36.2	98.5
1991	5021.3	154.6	3.2	79.1	36.6	112.1
1992	5141.2	119.8	2.4	80.2	37.2	76.8
1993	5265.7	124.5	2.4	79.1	39.4	84.8
1994	5364.3	98.6	1.9	78.2	39.5	60.0
1995	5470.1	105.8	2.0	77.5	40.0	68.3
1996	5567.8	97.7	1.8	77.0	41.2	61.8
1997	5663.8	96.0	1.7	78.0	42.6	60.6
1998	5750.0	86.3	1.5	78.8	41.6	49.0
1999	5830.8	80.8	1.4	79.8	43.1	44.2
2000	5894.1	63.3	1.1	79.9	43.7	27.2
2001	5974.9	80.8	1.4	81.4	44.0	43.4
Forecast						
2002	6042.6	67.7	1.1	81.3	45.6	32.0
2003	6100.9	58.2	1.0	82.0	46.1	22.4

* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2
Washington Population*
 (Thousands)

	Actual				Forecast	
	1998	1999	2000	2001	2002	2003
Total Population	5750.0	5830.8	5894.1	5974.9	6042.6	6100.9
Percent Change	1.5	1.4	1.1	1.4	1.1	1.0
Age 17 and Under	1512.6	1518.9	1513.8	1521.3	1525.1	1525.4
Percent of Total	26.3	26.1	25.7	25.5	25.2	25.0
Age 6-18	1112.5	1123.6	1123.3	1129.3	1129.8	1127.9
Percent of Total	19.3	19.3	19.1	18.9	18.7	18.5
Age 18 and Over	4237.5	4311.9	4380.3	4453.6	4517.5	4575.5
Percent of Total	73.7	73.9	74.3	74.5	74.8	75.0
Age 21 and Over	4001.8	4062.7	4128.0	4195.1	4255.8	4311.4
Percent of Total	69.6	69.7	70.0	70.2	70.4	70.7
Age 20-34	1221.5	1219.5	1231.3	1243.2	1254.6	1262.9
Percent of Total	21.2	20.9	20.9	20.8	20.8	20.7
Age 18-64	3584.7	3653.1	3718.1	3783.9	3840.8	3890.2
Percent of Total	62.3	62.7	63.1	63.3	63.6	63.8
Age 65 and Over	652.7	658.8	662.1	669.7	676.7	685.3
Percent of Total	11.4	11.3	11.2	11.2	11.2	11.2

* As of April 1 of Each Year

Source: Office of Financial Management

Glossary

Biennium: The state's two years budget cycle. The 1997-1999 biennium started on July 1, 1997 and ends June 30, 1999. The current 1999-2001 biennium started July 1, 1999 and ends June 30, 2001.

Cash Basis: Cash receipts received during a period. The Forecast Council forecasts revenues on a Cash and GAAP (Generally Accepted Accounting Principles) basis.

CPI: The Consumer Price Index for All Urban Consumers. The Bureau of Labor Statistics (BLS) updates the CPI monthly, surveying over 60,000 goods in 85 urban areas. The BLS also produces a bi-monthly Seattle-Tacoma-Bremerton CPI.

Tax Elasticity: A measure of how tax revenues respond to changes in personal income. If tax revenue elasticity is greater than one, a one percent change in personal income will be associated with more than a one percent increase in tax revenues. If elasticity is less than one, a one percent increase in personal income will be associated with less than a one percent increase in tax revenues.

Fiscal Year: The state's budget year. Washington State's fiscal year runs from July 1 through June 30. Fiscal year 1999, for example, ran from July 1, 1998 through June 30, 1999.

GAAP Basis: Generally Accepted Accounting Principles measure revenue in the period during which they accrue rather than the period in which they are received.

General Fund: Accounts for all financial resources and transactions not accounted for in another fund.

General Fund-State Revenue: Resources from state sources only, excludes federal monies.

Implicit Price Deflator for Personal Consumption Expenditures (IPD): The IPD is a by-product of the National Income and Product Accounts. It is derived by dividing current dollar (nominal) consumer expenditures by constant dollar (real) consumer expenditures.

Mortgage Rate: The average interest rate on 25 year conventional loan (as reported by the Federal Home Loan Bank Board).

Non-Wage Income: Personal income other than from wages and salaries. The major components are: proprietor's income, transfer payments, and dividends, interest and rent.

Real GDP: Gross Domestic Production adjusted for the price level.

Personal Income: Income from wages and salaries; other labor income; proprietor's income; dividends, interest and rent; transfer payments; and a residence adjustment. It is reduced by employee contributions for social insurance.

Seasonally Adjusted: Adjusted for normal seasonal variations. Monthly statistics, such as the unemployment rate, are seasonally adjusted to make month-to-month comparisons possible.

Wage and Salary Employment: Civilian nonfarm payroll employees. The self-employed, farm workers, members of the armed forces, private household employees, and workers on strike are excluded.

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